INVESTIGATION OF MILITARY PUBLIC WORKS

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-SECOND CONGRESS

SECOND SESSION

SUBCOMMITTEE ON MILITARY PUBLIC WORKS

JOHN J. RILEY, South Carolina, *Chairman*

FOSTER FURCOLO, Massachusetts GLENN R. DAVIS, Wisconsin

JOHN J. DONNELLY, Jr., *Counsel to Subcommittee*

PART 2

DEPARTMENT OF THE AIR FORCE

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INVESTIGATION OF MILITARY PUBLIC WORKS, DEPARTMENT OF THE AIR FORCE

WEDNESDAY, APRIL 2, 1952.

WITNESSES

DEPARTMENT OF THE AIR FORCE

MAJ. GEN. COLBY M. MYERS, DIRECTOR OF INSTALLATIONS
BRIG. GEN. G. P. DISOSWAY, DIRECTOR OF TRAINING
COL. R. H. ORR, OFFICE, ASSISTANT FOR PROGRAMING
LT. COL. ADOLPH KROEBER, ASSISTANT EXECUTIVE OFFICER, DIRECTORATE OF INSTALLATIONS
ARVIN E. UPTON, ESQ., ASSOCIATE GENERAL COUNSEL
L. B. McCLOUD, CIVILIAN CHIEF, CONSTRUCTION DIVISION, DIRECTORATE OF INSTALLATIONS
L. E. TURNER, OFFICE, DIRECTOR OF BUDGET

DEPARTMENT OF THE ARMY

BRIG. GEN. J. R. HARDIN, ASSISTANT CHIEF OF ENGINEERS, MILITARY CONSTRUCTION
FRED KORTH, ESQ., DEPUTY COUNSELOR
A. S. KURTZ, CHIEF, AIR FORCE PROJECTS DIVISION, CORPS OF ENGINEERS
H. W. SCHNEIKERT, OFFICE, LEGAL DIVISION, CHIEF OF ENGINEERS

ALSO PRESENT

JOHN J. DONNELLY, JR., ESQ., SUBCOMMITTEE COUNSEL

Mr. RILEY. The committee will come to order.

INTRODUCTORY STATEMENTS

As you know, at the beginning of the year, the chairman of the House Appropriations Committee subdivided the Committee on Defense Appropriations, and this committee was set up to consider the military construction program.

I am Congressman Riley, and we have present my two colleagues, Congressman Davis and Congressman Furcolo.

We have as our attorney Mr. Donnelly, who has headed up an investigative staff in regard to this program.

We deem it advisable before considering the new construction program to obtain from you gentlemen a progress report. We want to inquire into the policies and methods used in your construction programs to see whether or not more economical costs could have been obtained by better planning, improved policies, and things of that nature.

We think this will be beneficial, both to you and to us, in considering the new construction program. As we are all aware, the country

is rather concerned about the high taxes which are necessary to pay for the defense program. The people want adequate defense, but they want to know that they are getting full value received for every dollar spent.

We have the responsibility of selling your program to the Congress and to the citizens of the country, and for that reason we have to be thoroughly conversant with it, and be in position to defend you, if you need to be defended, and criticize you, if you need to be criticized.

I believe by working together we can establish a program that will be beneficial both to the service and to the public at large. We are going into this matter in a very open-minded manner in an effort to ascertain the facts without any attempt to achieve publicity. We simply want to arrive at a proper and constructive basic policy to achieve the best results.

As you gentlemen are well aware, all branches of the service have been subjected to rather severe criticism. If that criticism is warranted, we want to eliminate the basis for it; if it is not warranted, we want to show that it is not warranted.

I am going to ask Mr. Donnelly to outline to you the plan that we have adopted, and as I stated in the beginning, he is the head of our investigative staff which tried to go into this matter in an analytical and open-minded way to achieve the facts, and the facts only.

MODUS OPERANDI AND PURPOSE OF THE INVESTIGATION

Mr. DONNELLY. As the gentlemen on the other side of the table know through Mr. Fred Korth, deputy counselor of the Army, with whom I have been in close contact for a period of 2 months, and Mr. Arvin Upton, associate general counsel of the Department of the Air Force, with whom I have also been in close touch, the evidence that has come into our possession relates to the physical construction operations of Air Force and Army installations. During the calendar year 1951 the investigators from the committee staff, comprised of teams of professional engineers and accountants and investigators, visited a large number of the projects under construction and the field offices of the services supervising approximately 65 percent in dollars of the total construction program of the three services in the zone of the interior during calendar year 1951.

Out of the large number of projects visited and studied by the teams of the investigative staff, we have culled from the reports that we received the projects and operations which seem to be of the type of construction or policy or practice which would aid the subcommittee in evaluating the efficiency and economy of the construction services last year.

The Department of the Navy was here in February as part I of these hearings on military public works for last year, the calendar year 1951, and this morning it is our purpose to proceed with the Department of the Air Force.

Through our liaison, Mr. Korth is here with General Hardin of the Corps of Engineers, who is in charge of military construction for both Army and the Air Force.

Evaluating the report made by the investigators to the committee, there have occurred throughout several points which will be demonstrated to the committee in the course of the presentation of individual projects for the Air Force.

By way of assistance to the committee I prepared a check list of the points which the project will tend to develop and illustrate. I would like to put the check list in the record at this point.

CHECK LIST OF POINTS APPLICABLE IN THE STUDY OF VARIOUS CONSTRUCTION PROJECTS

Mr. RILEY. Without objection, it will be inserted at this point. (The check list referred to is as follows:)

CHECKLIST OF POINTS

1. *Deficient planning.*—The delays, indecisions and frequent changes caused by deficient planning have been costly.

2. *Peaking of obligation of funds.*—A study for the past 3 years has shown that the bulk of military construction moneys have been obligated in June of each year. This concentration in 1 month is an uneconomical and undesirable practice.

3. *Negotiated contracts.*—The use of this type of contract is limited by the Armed Services Procurement Act of 1947 to specific circumstances. The negotiated contract is not as likely to produce the lowest price, and the evidence will show that its use has been costly on many projects.

4. *Cost-plus-fixed-fee contracts.*—These contracts are justified only in two types of situations:

(*a*) Where the need for construction is so urgently acute that there is no time for the preparation of plans and specifications; or

(*b*) Rehabilitation work where it is unfeasible and inefficient to draw plans and specifications.

The Military Public Works Appropriation Act of 1952 severely limited the use in the United States of CPFF contracts for funds appropriated therein, and this limitation may well be incorporated in future acts.

The evidence will show that this type of contract is costly unless efficiently administered.

5. *Bid periods.*—These should be of such length to encourage the submission of bids. Greater competition also results from splitting large contracts, where feasible, into two or more smaller contracts.

6. *Buying construction time.*—This is an expensive practice. It, likewise, is sharply curtailed by the Military Public Works Appropriations Act of 1952. The Government pays dearly for unrealistic completion schedules and high liquidated damages.

7. *Overdesign and ornamental construction.*—Strenuous efforts have been made by the services to eliminate overdesign and to enforce the conservation of materials and money. Instances of unaustere construction early in the austerity program have been detected. A continuing problem exists in the design work done by outside architect-engineers because of their inherent disinclination to observe austerity.

8. *Barracks construction.*—Considerable economies are being effected both in gross square foot area and type of construction materials. This matter warrants continuing attention.

Mr. DONNELLY. I may say that I have covered the subject matter of this check list with both Mr. Korth, representing the Army, and Mr. Upton, representing the Air Force.

In addition, I would like to advise the members of the committee that representatives of the Air Force and the Corps of Engineers have sat down with us in informal conferences in an endeavor to facilitate the committee's consideration of the subject matter and to resolve the evidence down to the bare minimum that is necessary or desirable to indicate the areas of criticism and at the same time to give a fair picture. If there are any areas of criticism on our part, we intend to be solely objective in constructive criticism, and in no sense have we encountered anything but full cooperation on the part of both the Air Force and the Army in our preparation for these hearings.

Now, General Myers at the outset this morning indicated to me that he would like to make some opening remarks to the committee, to be followed, as I understand, by General Disosway.

GENERAL STATEMENT

General MYERS. If it pleases the committee, I would like to give a little background, or have some of the people here give a little background, that will help the committee correlate programs and construction methods to meet those programs.

Then, if it also pleases the committee, perhaps we could, after we give that little background, take the training bases first, if that is in accordance with your procedure, so that General Disosway can be excused.

First I would like to call on Colonel Orr, who is in the office of the Assistant for Programing, Deputy Chief of Operations, in the Air Force, and that office is preparing the Air Force program in accordance with the directives received from the Joint Chiefs of Staff and other high authorities. Much of the information that he has is secret, or top secret, and will have to be off the record.

Colonel ORR. This will have to be off the record.

(Discussion off the record.)

DISRUPTION OF CONSTRUCTION SCHEDULES BY DELAYED AND INDECISIVE PLANNING

Mr. DONNELLY. General Myers, the investigation of the construction program last year disclosed that the construction schedules that have been established by the Corps of Engineers, as the construction service, were frequently disrupted at tremendous expense to the Government as a result of delays in planning, and indecisive planning upon the part of the Air Force.

I believe that I can fairly state that from the evidence which we have here.

REASON FOR INDECISIVE PLANNING

Would you like to comment on whether the indecisive planning was the result of action within the Air Force or a result of some other consideration in the Government.

General MYERS. I think that is a very fair statement, Mr. Donnelly, and it was due primarily, in the first instance, to indecision at the national level, or planning at the national level.

During the year 1950 there were many programs proposed and prepared as the result of decisions to be made at the highest level in our Government.

Mr. RILEY. These changes in decision were brought about by changing world conditions?

General MYERS. Yes; due to changes in world conditions, and we had programs that we made up and were appropriated for by the Congress for implementation, and those changing world conditions necessitated constant changes in those programs which resulted in stops and starts in our construction program.

Improvement in Coordination With Corps of Engineers Through Installation of Representative Officer System

Mr. Donnelly. Would it be fair to state that the coordination between the Air Force and the Corps of Engineers, as the construction service, a year ago, or 18 months ago, had not been worked out as efficiently as occurred later on when the Air Force installation representative officer system was set up as a means of coordinating between the Air Force and the Corps of Engineers?

General Myers. I think that is absolutely true. We did, though, 18 months ago, and before that, have an Air Force installation representative set-up. It acted primarily, however, as a liaison office from Headquarters, United States Air Force, Director of Installations, to the bases and major commands of the Air Force in the field. Their primary job was not in connection with the construction work being done on a very small scale then by the Corps of Engineers for the Air Force.

When these large programs came into being we immediately conceived of that organization as being a very necessary link in the execution of our construction programs, and as a direct link with the representatives of the Air Force in the field with the Corps of Engineers districts and divisions.

Establishment of Regional Meetings Between Departmental Teams and Regional Construction Groups

Mr. Donnelly. General, would you also care to comment on the program of establishing regional meetings between teams from Washington, Corps of Engineers and the Air Force here, going around the country and meeting with the regional construction groups for the purpose of ironing out problems in construction operations?

General Myers. Well, we found that that was something we had to do.

Mr. Donnelly. When did you inaugurate that practice?

General Myers. That was about a year ago. We have had several such meetings since then because the people in the field needed decisions that could only be made at the Air Force headquarters level to iron out differences between the major commands; to iron out differences between the Engineers and our representatives in the field, and in order to save time in making those decisions rather than trying to handle it by correspondence or telephone.

Mr. Donnelly. Another factor, as I understand it, in addition to saving time is the effectuation of economies and conservation in the construction operations; is that correct?

General Myers. Yes; that was certainly a part of it.

Perhaps primarily to get our programs lined up as to what we would build and where it would be built.

Mr. Donnelly. I understand from Mr. McCloud, who is one of the top civilian engineers in the Office of the Director of Installations of the Air Force, that these task-force groups from Washington can cover the country in the regional meetings in a period of 30 days, and that the Air Force has found that has been greatly productive of coordination and liaison between the Air Force and the Engineers; is that correct, General?

General MYERS. That is correct.

Mr. MCCLOUD. The last meeting we had, we went to visit them. The first two, they visited us.

General MYERS. That is right. We have had several meetings.

Mr. CLOUD. Three in all.

General MYERS. The installation representatives in the Corps of Engineers, district and division people, came in. Then we had a series of meetings with our people going out there. I personally went out and conducted one meeting on some training bases that were very urgent.

More recently, we have sent individuals from our headquarters out to each of the Air Force installations representative offices to get the programs lined up.

Mr. DONNELLY. As I understand, General Myers, these steps have been taken to coordinate more closely the construction operations and the disruption of them by changes that occur from time to time by virtue of world conditions, or the national situation; is that correct?

General MYERS. That is correct, sir. If we did not have all these changes there would not be a need for those meetings. If we had a clean program we would not have to try to straighten out all these things.

BUYING OF CONSTRUCTION TIME AND USE OF COST-PLUS-FIXED-FEE CONTRACTS

Mr. DONNELLY. Further, by way of prefatory statement, and in line with the testimony given us, as I understand, the practice of buying construction time is uneconomical and costly. Do you agree with that?

General MYERS. I certainly do.

LEGAL RESTRICTION ON BUYING OF CONSTRUCTION TIME

Mr. DONNELLY. I would like to invite the committee's attention to the provision in the Second Supplemental Appropriation Act of 1952, enacted November 1, 1951, in section 603, which provides that construction time may not be bought unless the using service, as for example, the Air Force, has cleared that matter with the Secretary of Defense and that the amount of additional cost be stated with clarity so the Secretary of Defense can decide whether to spend that additional money.

COST-PLUS-FIXED-FEE CONTRACT AT TULLAHOMA, TENN.

General, can you tell us whether, since the enactment of this act, any construction time has been bought by the Air Force?

General MYERS. Yes. At Tullahoma we have made so far one cost-plus-fixed-fee contract which was in the way of buying construction time. Actually it was merely a cost-plus-a-fixed-fee contract instead of a lump sum advertised due primarily to the conflict that exists between trying to build a structure in which you have to, at the same time, put in a lot of complicated equipment, some of it furnished by the Government and some of it by other agencies, and it is practically impossible to write a contract that would provide for that without coming up with a constant bunch of stoppages and claims

for damages on the part of the prime contractor. That was the main reason for that one.

We have another one in the same category.

General HARDIN. The directive they gave us for Tullahoma, a cost-plus-a-fixed-fee operation, did not involve buying time. I think the directive so stated, to the best of my recollection, and it was only adopted as a cost-plus-fixed-fee operation because of the extreme difficulty of the operation for which plans had not been completed, and it was necessary to proceed along lines which involved some experimentation and development concurrent with the construction operation. This was a facility that had been built in only one place in the United States before, on a much smaller scale than this, and it required a year and a half in lead time to prepare one of the important machined items that went into that facility. That was primarily the reason for adopting the cost-plus-a-fixed-fee contract.

General MYERS. That is correct, but if we had not adopted a cost-plus-a-fixed-fee contract, it would have taken us about two more years to get the thing built. We had a requirement for the facility for testing equipment, so I think in fairness it must be stated that if we had not adopted a cost-plus-a-fixed-fee contract it would have taken us longer and we would not have met the dates to test the equipment coming up to be tested.

We have the requirement at Perrin to accelerate the completion time on the runway down there so that we can get our students in and train them. We have submitted that to the Secretary of Defense and it was approved.

MEANING OF BUYING OF CONSTRUCTION TIME

Mr. FURCOLO. While we are reading this, for the record will you put in what you mean by buying construction time?

General MYERS. Expediting construction; buying construction time means expediting construction beyond our normal construction methods; that is, putting on extra shifts or perhaps putting on extra equipment; working extra shifts and working extra equipment that would not be required and which is more expensive than if you do it on a one-shift basis with less equipment.

APPLICATION OF RESTRICTIONS IN SECTIONS 602 AND 603 OF SECOND SUPPLEMENTAL APPROPRIATION ACT, 1952

Mr. DONNELLY. General, I have just handed you a copy of Public Law 254 of the Eighty-second Congress, the Second Supplemental Appropriation Act, and I invite your attention to sections 602 and 603. Each of the committee members in looking at it.

Section 602 requires that approval for a cost-plus-a-fixed-fee contract be secured from the Secretary of Defense if the contract is over $25,000, and section 603 provides that the Secretary of Defense's authority must be secured in advance for the buying of construction time.

As I understand now, the Tullahoma project is under section 602, which is the cost-plus-a-fixed-fee basis rather than the buying time provision.

General MYERS. That is right.

Mr. DONNELLY. General Hardin, I think, has some observation to make on buying time. Has there been a request from the Secretary of Defense to accelerate construction, or buy time on a project since the enactment of this law?

General HARDIN. Not to my knowledge, although General Myers tells me there is one in process that I am not familiar with.

General MYERS. May I explain a bit? With regard to section 602, the cost-plus-a-fixed-fee contract at Tullahoma, the funds applicable there are not the funds appropriated by this law. This law is not applicable to that. The funds are prior-year funds. We have submitted only one and it is in process under section 603, and that is Perrin—on the runway construction there.

Mr. DONNELLY. General Myers, as you point out, both provisions, sections 602 and 603, are limited in their application to the funds appropriated in this law.

Do you know whether the Secretary of Defense has as a matter of policy applied these restrictions to other unobligated construction funds?

General MYERS. To my knowledge, he has not, and the matter has not come up because we have definitely adopted this policy applicable to all funds, and any exception to that is definitely an exception, so there has been no occasion, I can say, for them to apply it one way or the other.

FEASIBILITY OF RESTRICTIONS

Mr. DONNELLY. General Myers, would you have any comment to make upon the feasibility or the practicality of restrictions embodied in these two sections, 602 and 603?

General MYERS. They are, in my opinion, absolutely feasible and what we will want to do in the execution of our construction program as long as we do not have an emergency that requires a rapid build-up. And the basis that we are going on now is that we do not have such an emergency that requires a rapid build-up, a build-up beyond what would be a good construction practice, a proper economical method of construction.

Such a restriction, however, in time of an emergency could be disastrous. I have a presentation that I would like to make.

Mr. RILEY. Just one other question in regard to the subject under discussion: You consider now that you have a firm program for the expansion of the Air Force and for providing the facilities that will be used for that expansion.

General MYERS. Yes.

Mr. DONNELLY. And that will eliminate a great deal of inadequate planning that has been subject to criticism in the past?

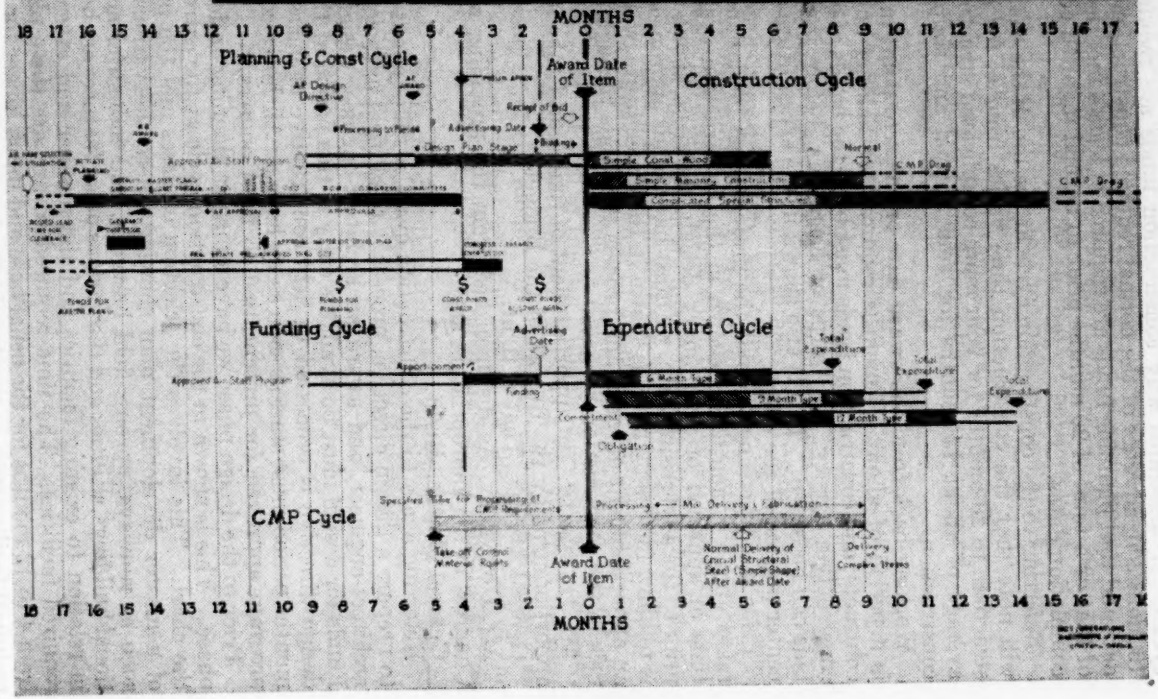
General MYERS. Yes, it certainly should.

I have a little something here that I would like to present having to do with the construction lead-time requirements and the necessity for advance planning, and the question of why the peaking of construction is necessary, if you would like to hear it.

Mr. RILEY. Without objection, the chart to which General Myers is referring will be inserted in the record at this point.

(The chart is as follows:)

Normal Lead Times


MONTHS
18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17
Planning & Const Cycle
Award Date of Item
Construction Cycle
Funding Cycle
Expenditure Cycle
CMP Cycle
Award Date of Item
MONTHS

NORMAL LEAD TIMES REQUIRED IN THE CONSTRUCTION CYCLES

This has to do with the normal lead times in the construction cycles, It illustrates why construction funds are required at least 16 months in advance of the normal required construction-completion date and that planning funds are required at least 4 months in advance of that or a total of 20 months prior to normal required construction-completion dates.

Referring to the construction cycle at the top of the chart here, you will note that the construction time varies from 6, for simple construction, to 20 months for your more complicated structures with an average of about 12 months for your normal and simple masonry construction.

Working back from the award date or the zero point in here, there is a period of about 1½ months required for bidding and awarding contracts; and construction funds must be in the hands of our contract construction agency, the Corps of Engineers, before invitations for bids can be issued. This is also shown in the expenditure cycle in the center portion of the chart.

Prior to advertising for bids the project must be designed and this takes about 4 months, as shown in the construction cycle. At the time of approval of preliminary design plans, or about 2½ months prior to the advertising date, we must have funds appropriated. This is to allow for the 2½ months shown in the expenditure cycle to obtain an apportionment of funds and process the funds through fiscal channels to the construction agency.

Mr. DONNELLY. By apportionment of funds, do I take it you mean apportionment by the Bureau of the Budget?

General MYERS. That is right.

Mr. DONNELLY. As distinguished from the providing of funds by Congress in the appropriation act?

General MYERS. Right.

Referring again to the construction cycle, it takes about 3½ months to prepare a design directive, process it to all field agencies, select an architect-engineer, and award an architect-engineer design contract. Funds for design must be available early in this period at the time the design directive is processed to field constructive agencies. The 3½ months period must start as soon as we have an Air Force construction program approved for presentation to the Congress.

Prior to the design phase we have a master planning or development phase. This is shown in the construction cycle at the extreme left of the chart. This involves the selection of bases and the preparation of a master development plan showing where the various facilities, such as runways, aprons, field barracks, and industrial area, operational buildings, utilities and the various other features are best located in relation to existing facilities and the number and extent of these required facilities. The time required to prepare these plans varies from 4 to 12 months for the usual base and much longer for a complex technical facility such as the Arnold Engineering Development Center or the flight-test center at Edwards Air Force Base, Muroc, Calif.

These plans provide the basic master plan on which all the detail siting and design of the component facilities is based. The funds for this work are included in the master planning request.

The CMP cycle shown at the bottom of the chart is of interest. Our control material requirements must be submitted 5 months prior to the calendar-year quarter in which the materials will be needed. Therefore, we must have at least preliminary plans 5 months prior to the first 3 months of a contract. But the normal time after award of a contract to process approved critical steel allocations and obtain delivery is about 5 months, while for the more complex items it is 9 months. This is the reason for the dotted portions of the construction cycle which show from 3 to 5 months "control material program drag" in completing construction.

This portion of my presentation is therefore designed to show that we must recognize the lead time inherent in the planning and execution of a construction program.

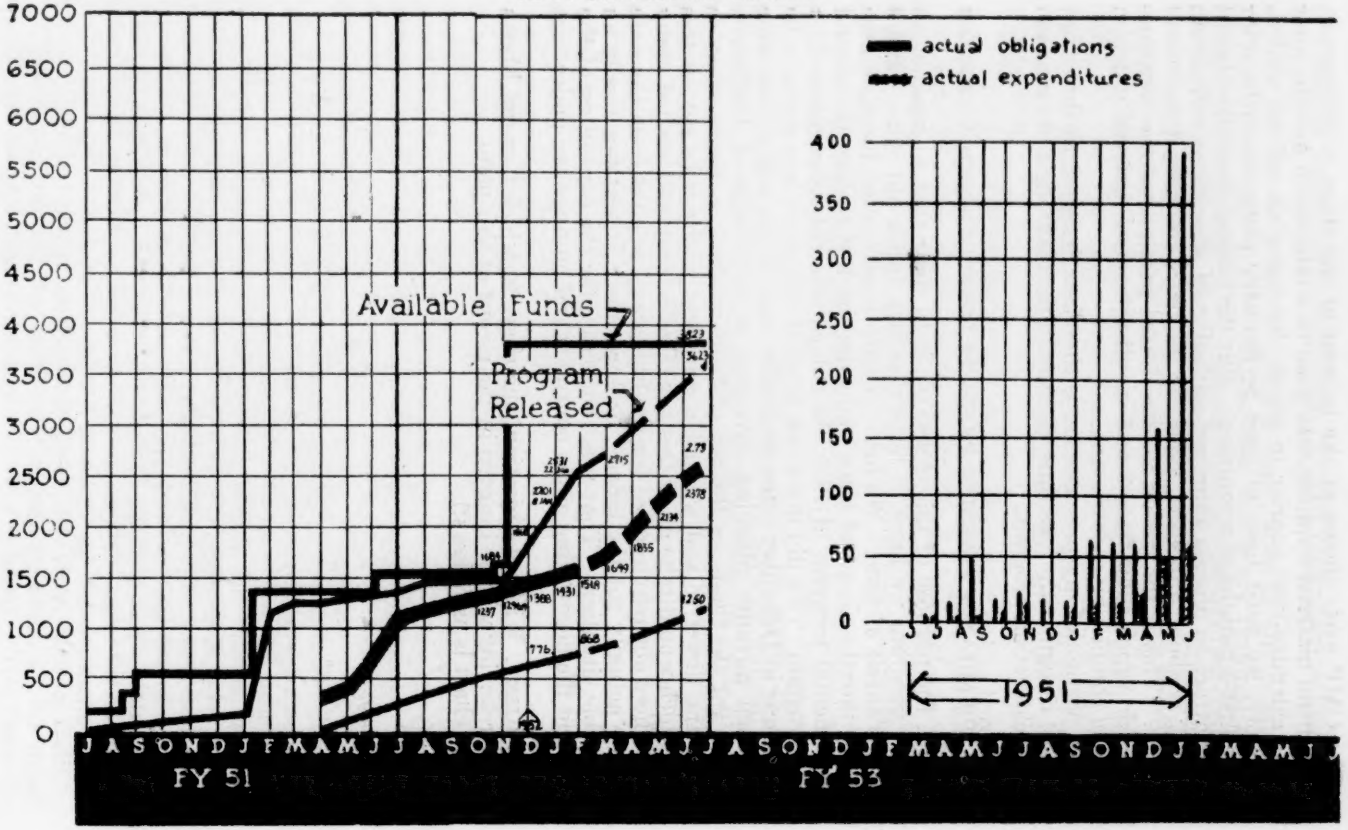
NEED FOR ADVANCE PLANNING FUNDS TO CONDUCT ORDERLY PROGRAM

Now, the purpose of this chart, sir, is to show that to conduct an orderly program we have to have planning funds out here, some 9 months ahead of time. We have to have construction funds in here some 4 months ahead of time, and tying back then into the second supplemental program of 1951, we got advance planning funds in a prior program. We did not know what the program was going to be until along in December when we finally made it up, and at that time we issued advance planning directives to the Corps of Engineers. But we got the funds on the 6th of January about a month after we issued the directive and we had a hurry-up program to get all this built which would take all of this time [indicating], and we had many cases where our requirement for the unit was 4 months from the date that we actually got the money, or 6 months. It was practically an impossible situation. That was the reason for the expediting of the work and the negotiating of the contracts and buying time under that program.

Mr. RILEY. Without objection, the chart to which General Myers is now referring will be inserted in the record at this point.

(The chart is as follows:)

A. F. Construction Program



RELATION OF FUND AVAILABILITY AND OBLIGATION RATE TO EXECUTION OF CONSTRUCTION PROGRAM

This chart [indicating] indicates our available funds beginning back in the fiscal year 1951 and 1952. This line shows the funds that we received. Back in the fiscal year 1951 you can see that we had about $1,400,000,000, and it jumped here [indicating], and this was the fourth supplemental program. Then we came along and we got the fiscal year 1952 program to a total of $3,823,000,000 through the basic 1951 up to the 1952 program. That actually, however, does include a small amount of money in the 1950 program, which is shown here [indicating].

This line shows the way that the funds were released to us. Those are the funds which were released by the Bureau of the Budget and actually apportioned and sent to the construction agent.

This time cycle here, and this line is actually the furnishing of funds to the Corps of Engineers, the construction agent.

You will note this sharp rise here in the obligation rate that occurred in July of 1951.

Then there is a level off. Again that sharp rise was due to the same cause that I have been telling you about—the urgency of getting the program under way and expediting it; getting the bases built as fast as possible.

It is shown over here, which shows the actual obligations in the various months, and it shows as of the 1st of July that we went up to nearly $40,000,000. We were pushing just as hard as we could from January, only having obtained the funds then, to get this program under way as rapidly as possible.

I think it is also fair to say that another reason for that was that we were coming up with our next construction program, and unless we could show that we were able to obligate the funds, we were not going to be able to get any next construction program. That was the tenor in the reviewing agency, so, frankly, we were doing everything we could at that time, due to the international situation, and due to the pressures being put upon us, to show that we could obligate the money. We were doing everything that we could to obligate it. It was not necessary to obligate it by the end of that particular fiscal year, but it was to get it done as fast as we could.

Normally such procedure is highly undesirable. It is highly uneconomical. It does not result in well-planned work. Neither the Army nor the Air Force advocates such a procedure.

The normal procedure is that we should get our money in the early fall, or August or September of the year, plan for it, and get the contracts ready and award them in the spring or in the early summer so that our peak obligations would occur then, depending upon where the construction was, in the months of April and May, rather than in July, so that you can take maximum advantage of your construction season.

Mr. DAVIS. May I interrupt you right there?

IMPORTANCE OF PLANNING TO NORMAL CONSTRUCTION CYCLE

If the Congress clears the appropriation bill during the month of July, which is contemplated by the new reorganization act, then would you actually have the money available to you in August or September, or would there be a lag while it sifted down through the Defense Department of several weeks that would make you later than that?

General MYERS. There would be a lag, in actually getting the money, of around 2 or 2½ months, but if the job is properly planned that, I think, would not make a whole lot of difference. If we had advance planning money and could plan the work ahead, it would not make any difference.

Do you agree with that, General Hardin?

General HARDIN. Yes. That is the key to it, to have the planning money in advance of the appropriation.

General MYERS. We are trying to plan our programs, our 1952 program and our 1953 program, so that we will follow that normal construction cycle. I know that you cannot see it from here, but in 1952 we think we are going to peak in May for the 1952 construction program, and then in the 1953 program we think that we will peak, having a little better start on it, in April and May. Some of it will be in June, of course. You will get a peak in the early summer, and that is normal and the way that it should be.

Mr. DAVIS. We all have to ask these questions on the basis of personal experiences we have had, but with respect to the recapture of the Truax Air Force Base at Madison there was a lengthy negotiation there with the city of Madison, and I was told not once but several times the representatives of the Air Force had very strangely said that it was their purpose that they were very anxious to get that straightened out so that the money could be obligated before the end of the fiscal year. They did not make any bones about that. That is not quite in conformance with what you just told us with respect to that chart.

General MYERS. By the end of the last fiscal year?

Mr. DAVIS. Yes. That would have been July.

General MYERS. I do not contend a bit with you on that. That is right. We had a program to get everything obligated by the end of that fiscal year. We were trying to get the work done as fast as possible. We were trying to get it done as fast as possible and we were trying to show before we went up with the next bill that we could obligate the money. Pressure was being put on us from all angles to get the money obligated with a goal of the end of the fiscal year, because that is the normal time for our other programs, for the year-end money, though construction money is not year-end money. We were trying to make a good showing that we could obligate the money. That is so, sir.

Mr. DAVIS. I was not being critical, although the wrong impression was created among the people out there who thought—well, they just want to get the money spent before it is gone. I understand perfectly, those being no-year funds, they did not enter into the picture at all.

Mr. DONNELLY. To round out this picture of obligation of funds, as I understand the chart that is there on the mantle, that is for the fiscal years 1951–53?

General MYERS. Yes.

OBLIGATION OF AIR FORCE CONSTRUCTION FUNDS BY CORPS OF ENGINEERS, 1949 AND 1950

Mr. DONNELLY. Mr. Riley requested when the Navy was here that there be a chart prepared for obligations of funds for the fiscal years prior to the fiscal year 1951, for the Air Force, which I would like to put into the record at this point.

Mr. FURCOLO. It may go into the record at this point.

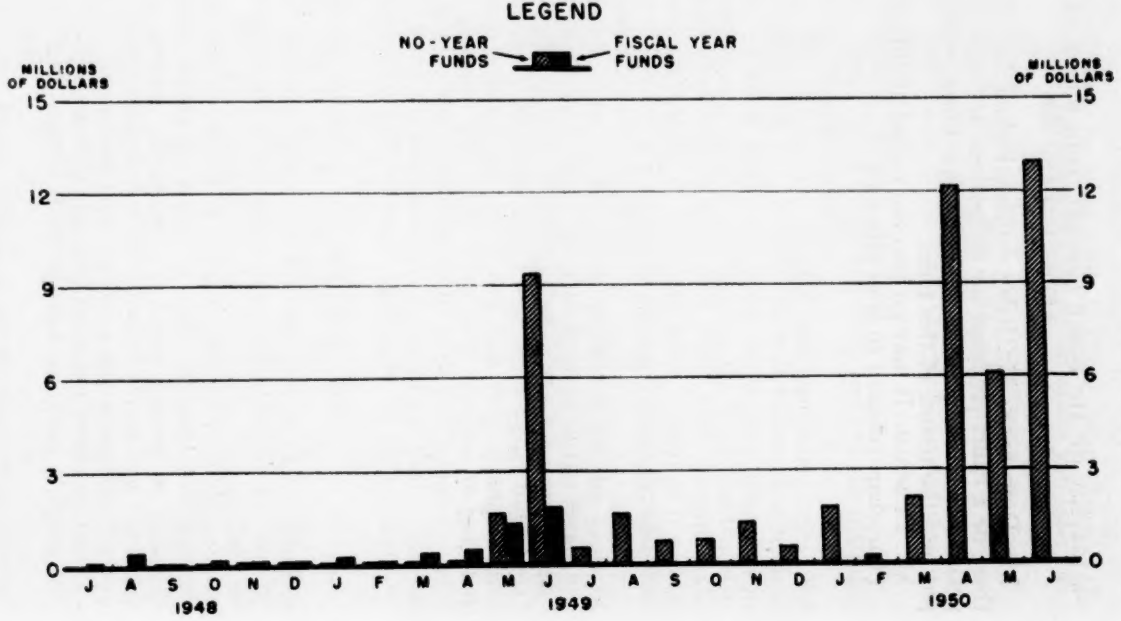
(The chart referred to is as follows:)

96640—52—pt. 2——2

MILITARY CONSTRUCTION — ZONE OF INTERIOR AND OVERSEAS

FUNDS OF DEPARTMENT OF AIR FORCE OBLIGATED BY CORPS OF ENGINEERS

FISCAL YEARS 1949 AND 1950



DISCUSSION OF PRACTICE OF PEAKING OF OBLIGATIONS

Mr. DONNELLY. This chart shows that peaking is not peculiar to the fiscal year or the calendar year 1951 or 1952, but can be traced back to a period of relative peacetime in 1948–49.

I recall your testimony here a few minutes ago that peaking is uneconomical and undesirable.

Will you tell the committee at this time whether the Air Force has any suggestions to make with respect to a change or method to avoid peaking of funds in this current fiscal year and future fiscal years?

General MYERS. Offhand, I do not. As I said before, it is not good construction practice to peak, we will say, in July. It is good construction practice to peak prior to that time. That is your normal construction cycle, to peak in April and May, or even in June.

Mr. DONNELLY. What Mr. Davis has referred to, the investigators encountered repeatedly in the district and division offices that the personnel were imbued with some theory that had been given to them that funds must be obligated by June 30, with the result that there was tremendously concentrated activity in the contracting procedures; abnormal activity in June of 1951, which I believe was not productive of economy or efficiency.

General MYERS. Let me say this: There is a common misunderstanding still in the Air Force among our people that construction funds are year-end funds, and I think that generates primarily from the fact that maintenance and operation funds are year-end funds, and we do some rehabilitation and some minor construction with maintenance funds. I think it is normal for us to peak the maintenance funds right at the end of the fiscal year in order to get them obligated, and in order to get them obligated on the best job. We try to do it in the most economical manner. We never have enough money. We have only about 50 percent of what we thought we should have had, so we have a whole lot of projects, and we save up a whole bunch of projects that are to be done, and if on some job of a high priority we are not able to obligate for it at the end of the year, we substitute one that we can obligate for, and that is the reason for the peaking in the maintenance fund. It should not occur in construction.

Mr. RILEY. We will now hear from General Disosway.

ACCELERATION OF TRAINING FACILITIES CONSTRUCTION DUE TO AIR FORCE BUILD-UP

General DISOSWAY. At the beginning of the Korean war we had an Air Force of 48 wings and a troop strength of some 416,000. With the various supplementals and programs that you have heard about we ended up with the fourth supplemental with a program strength at the end of the fiscal year 1951 of 850,000 people, which was slightly double what we started out with that year. That meant that we had to take in a terrific number of persons during that year, process them through the indoctrination training centers, and send approximately 60 percent of those people through our technical training facilities.

In July of 1950 we had one indoctrination center, the Lackland Air Force base, and we had five technical training stations. We had a capacity at Lackland of approximately 15,000 students, and a partial

part of Sheppard Air Force Base of around 6,000, which limited our intake of personnel. We could not properly house and train them. Therefore, the most urgent part of the Air Force, since the equipment contracts had been let at this time to the manufacturers, was to get personnel in the Air Force and train them to use this equipment as it came out. Under those circumstances we put as much pressure as we possibly could from my point of view to get Sampson Air Force Base ready, expand Lackland Air Force Base, and open up Parks Air Force Base, to take in this intake of personnel and train them in the indoctrination.

Further than that, we had to expand our present technical bases to take care of the increased loads. At 72 square feet we had a capacity on these bases of around 37,000 students. Our planned program would have taken us to a load in our technical training bases, Air Force, around 85,000 from 37,000, so we had to expand Warren Air Force Base, Lowry, Sheppard, Keesler, Scott, Chanute, and build Amarillo to handle the load.

That program stayed fairly constant until November of this past year when, as General Myers has mentioned, the program was slipped. As a result, instead of ending up the fiscal year 1952 with 1,061,000 men, we are going to end up with approximately 973,000, so a lot of construction has been started to take care of this very rapid build-up.

In November at the time that occurred, I went over all the bases with General Myers, and we canceled all the construction that we could and stay within the then program load, which was around 67,000. It dropped from 85,000 down to about 67,000 with a proposed level-off in 1953 of 55,000. That is broadly the story and the reason why we put as much acceleration on these bases as we could.

I believe now, if it pleases the committee, we can take the situation base by base, and I can tell you exactly what the problem was at that base and why we had to build it as we did.

Types of Contracts, Zone of Interior

Mr. Donnelly. Mr. Chairman, before taking up any specific Air Force projects, I think it would be helpful to print at this point in the record, schedules showing contracts for Air Force construction in the zone of the interior for the 14-month period ended August 31, 1951, broken down into cost-plus-fixed-fee, negotiated, and competitive-bid contracts.

Mr. Riley. Without objection, the schedules will be printed here.

(The schedules face this page:)

Modification No. 2, Supplemental Agreement No. 2, dated 29 June 1951. $210,400.00 plus Fixed Fee of $6,250	Increase in scope of rehabilitation work in connection with building repairs, painting, heating, plumbing, electrical work, air conditioning, and seal cost treatment on existing roads
124,455 19 Feb 1951	Changed Government furnished equipment to construction furnished equipment
-	-

COLUMN NO. 8 AMENDED 5 MAY 1952

mat #1

DATA ON A-E AND CONSTRUCTION CONTRACTS

ON COST-PLUS-FIXED FEE BASIS B

AIR FORCE FUNDS FOR MILITARY C

FOURTEEN-MONTH END

Installation Name	2. Brief description of Work	3. No of Contractors Considered	4. Date of Basic Definitive Contract (Day, Month, Year)	5. Estimated Cost of Work Contained In Basic Definitive Contract
RIDA Eglin AFB	Construction Butler Hangar, Administration Building, Shop Building and B-Line Station at 5 locations	4	1 Feb 1951	$ 1,006,000
SACHUSETTS Air Defense Laboratory	Construction of Air Defense Laboratory	7	3 Aug 1951	2,100,000
BRASKA Offutt AFB	Construction Global Communications Facility	14	9 Feb 1951	1,244,675
W YORK Sampson AFB	Reconstruction and Rehabilitation of Facilities	16	20 Feb 1951	12,569,740
IO Lockbourne AFB	Rehabilitation Construction of Existing Base Facilities	3	26 Feb 1951	798,430
NNESSEE AEDC Tullahoma	Inspection and Installation of Equipment Engine Test Facility	19	22 Sep 1950	3,149,900
AEDC Tullahoma	Installation of Equipment for Main Electrical Sub-station	12	21 May 1951	573,000

RACTS LET AT ESTIMATED COST OF $100,000 OR MORE

IIS BY CORPS OF ENGINEERS IN OBLIGATING

ARY CONSTRUCTION (ZONE OF INTERIOR)

ENDED 31 AUGUST 1951

of In ve	6. Name and Address of Contractor (Name, City, State)	7. Amount of Basic Definite Contract Fee to Contractor in Percentage	8. Percentage of Contract Paid For Administrative Overhead (If Contract Incomplete on 31 Aug 51 Percentage of Completion as of that Date	9. Amt. and Date of Each Increase of $100,000 or More Over Contract Amt. Through Change Orders, Addenda, Supplemental Agreements etc.	10. Brief description of Work Embodied In Such Increase
	Paul Smith Construction Co. Tampa, Florida	2.67%	2.0-(87%)	-	-
	J. F. Fitzgerald Construction Company 212 Essex Street Boston, Massachusetts	2.27%	14.8-(0.5%)	-	-
	Metcalfe-Hamilton Company Omaha, Nebraska	2.9%	5.7-(37%)	-	-
	Cauldwell-Wingate Company, John A. Johnson & Sons, Inc., Five Boro Construction Corp., D/B/A Sampson Air Force Base Constructors, New York, N. Y.	1.35%	2.5-(100%)	-	-
	James I. Barnes Construction Company Springfield, Ohio	3.348%	1.6-(93%)	Modification No. 2, Supplemental Agreement No. 2, dated 29 June 1951. $210,400.00 plus Fixed Fee of $6,250	Increase in scope of rehabilitation work in connection with buildin repairs, painting, heating, plumbing, electric work, air conditioning, and seal cost treatment on existing roads
	The Rust Engineering Company Birmingham, Alabama	3.17%	19.5-(6%)	124,455 19 Feb 1951	Changed Government furnished equipment to construction furnished equipment
	Fischbach and Moore, Inc. of Georgia Atlanta, Georgia	4.53%	20.1-(3%)	-	-

COLUMN NO. 8 AMENDED 5 MAY 1952

ormat #3

DATA ON A-E AND CONSTRUCTION CONTRA

ON NEGOTIATED FIXED PRICE BASIS BY C

AIR FORCE FUNDS FOR MILITARY CON

FOURTEEN-MONTH PERIOD E

Installation Name	2. Brief description of Work	3. Date of Design Authorization By Using Service or CCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Origin Date C Award Letter Otherw (Day, Mo
CALIFORNIA							
Castle AFB	Additional AF Paving, Additional AV Gas Facility	16 Jan 1951	28 Jun 1951	9	6	6	30
Parks AFB	Construction	26 Apr 1951	20 Jun 1951	7	3	3	21
Travis AFB	Additional A/C Parking Facilities	24 Jul 1950	9 Apr 1951	90	3	1	6
Travis AFB	Aircraft Refueling System	1 Feb 1951	14 Jun 1951	90	3	1	28
Travis AFB	Barracks, Mess Halls, and Utilities	19 Jan 1951	25 Apr 1951	45	4	1	1
McClellan AFB	Global Communications Facilities	20 Nov 1950	6 Jun 1951	90	3	1	7

ONTRACTS LET FOR $1,000,000 OR MORE

BY CORPS OF ENGINEERS IN OBLIGATING

CONSTRUCTION (ZONE OF INTERIOR)

IOD ENDED 31 AUGUST 1951

iginal te Of ard By tter Or herwise y, Month, Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed (Day, Month, Year)	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract. Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied in Such Increase
30 Jun 1951	12 Jan 1952	$ 3,837,522.15	Ball & Simpson, H. Earl Parker, Harms Bros., Fred J. Early Co. Inc., 685 Delaware Street Berkeley, California	211	-	-	-
21 May 1951	10 Aug 1951	25,479,100.00	The Four Companies 918 Harrison Street San Francisco, Calif.	186	-	-	-
6 Feb 1951	26 Mar 1951	3,620,065.00	Morrison-Knudsen Co. Los Angeles, Calif.	210	-	$634,475 6 Apr 1951	Additional Water Supply Facilities
28 Feb 1951	1 Jun 1951	1,660,048.53	Morrison-Knudsen Co. Los Angeles, Calif.	233	-	-	-
1 Mar 1951	10 Apr 1951	2,914,918.05	MacDonald, Young and Nelson, Inc. San Francisco, Calif.	143	-	-	-
7 Mar 1951	25 May 1951	2,517,980.00	M & K Corporation and Haas and Rothschild San Francisco, Calif.	204	-	-	-

DATA ON A-E AND CONSTRUCTION CONTRACTS LET FOR $1,000,000 OR MORE

ON NEGOTIATED FIXED PRICE BASIS BY CORPS OF ENGINEERS IN OBLIGATING

AIR FORCE FUNDS FOR MILITARY CONSTRUCTION (ZONE OF INTERIOR)

FOURTEEN-MONTH PERIOD ENDED 31 AUGUST 1951

...s- ...on ...	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed (Day, Month, Year)
...l AF Paving, ...l AV Gas	16 Jan 1951	28 Jun 1951	9	6	6	30 Jun 1951	12 Jan 1952
...ion	26 Apr 1951	20 Jun 1951	7	3	3	21 May 1951	10 Aug 1951
...l A/C Park-...ities	24 Jul 1950	9 Apr 1951	90	3	1	6 Feb 1951	26 Mar 1951
... Refueling	1 Feb 1951	14 Jun 1951	90	3	1	28 Feb 1951	1 Jun 1951
..., Mess Halls, ...ties	19 Jan 1951	25 Apr 1951	45	4	1	1 Mar 1951	10 Apr 1951
...mmunications ...s	20 Nov 1950	6 Jun 1951	90	3	1	7 Mar 1951	25 May 1951

Speci-ly Com-e of)? If pleted ar)	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract. Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied in Such Increase
52	$ 3,837,522.15	Ball & Simpson, H. Earl Parker, Harms Bros., Fred J. Early Co. Inc., 685 Delaware Street Berkeley, California	211	-	-	-
51	25,479,100.00	The Four Companies 918 Harrison Street San Francisco, Calif.	186	-	-	-
51	3,620,065.00	Morrison-Knudsen Co. Los Angeles, Calif.	210	-	$634,475 6 Apr 1951	Additional Water Supply Facilities
51	1,660,048.53	Morrison-Knudsen Co. Los Angeles, Calif.	233	-	-	-
51	2,914,918.05	MacDonald, Young and Nelson, Inc. San Francisco, Calif.	143	-	-	-
51	2,517,980.00	M & K Corporation and Haas and Rothschild San Francisco, Calif.	204	-	-	-

rmat #3 Cont'd

1. Installation Name	2. Brief description of Work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Ori Dat Awa Let Oth (Da
KANSAS Cont'd							
Wichita AFB	Construction of Supply Warehouse, Cold Storage, Jato Storage, Igniter Storage, Grease & Oil Storage Base Operations Parachute & Dinghy Shop, Radar Trg. Bldg	1 Feb 1951	9 Jul 1951	23	73	7	1
Wichita AFB	Construction of Roads and Streets	1 Feb 1951	3 Aug 1951	13	15	3	2
LOUISIANA							
Barksdale AFB	Construction Contract. Apron, Washrack, and Swinging Base	22 Jan 1951	6 Feb 1951	7	4	3	1 (Defin 10 Ap
MAINE							
Limestone AFB	Construction of Refrigeration Plant; Motor Pool; AC Troop & Supply Warehouses; Fire and Crash Station Additions; AC Maintenance Shop; Engine Buildup Shop and Bakery	Dates of Design Authorization: Refrigeration Plant - 5 Jun 50, Motor Pool - 5 Jun 50 AC Troop & Supply Warehouses 5 Sep 50 Fire & Crash Station - 6 Apr 50 AC Maint Shop - 8 Nov 50 Engine Build-up Shop - 30 Jan 51 Bakery - 30 Jan 51	21 Mar 1951	21	11	8	1
Searsport	Construction of Strategic Bulk Petroleum Storage Facilities	31 Aug 1950	23 Feb 1951	7	11	8	19
Limestone AFB	Construction of Utilities;	7 Nov 50	2 Apr 1951	29	5	3	4

Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed (Day, Month, Year)	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied in Such Increase
14 Aug 1951	Yes	$ 1,440,590.00	Martin K. Eby Construction Co. Wichita, Kansas	208	-	-	-
23 Aug 1951	Yes	1,740,227.00	Western Contracting Corp., Sioux City, Iowa	97	-	-	-
13 Feb 1951 (Definite contract 10 April 1951)	2 Apr 1951	2,466,541.05	T. L. James & Company, Inc., Ruston, La.	144	-	-	-
14 Apr 51	Yes	3,235,000.00	Davison Construction Co., Manchester, N.H. and Swanburg Construction Corp. Manchester, N. H. (Joint Venturers)	230	-	-	-
19 Mar 1951	Yes	1,694,201.00	Robert A. Verrier Construction Co. Portland, Maine	150	-	Supplemental Agreement #1 $138,318.22 28 Jun 1951	Supplementa Agreement # Furnishing and erectin 1 - 55,000 bbl. above-ground stee storage tan
4 May 1951	Yes	9,063,018.75	Gil Wyner Co. Inc. and Campanella & Cardi	190	-	Supplemental Agreement #1	Supplementa Agreement # Construction

	2. Brief description of Work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started with First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Original Date Of Award By Letter Or Otherwise (Day, Month, Year)
AFB	Construction of Supply Warehouse, Cold Storage, Jato Storage, Igniter Storage, Grease & Oil Storage Base Operations Parachute & Dinghy Shop, Radar Trg. Bldg	1 Feb 1951	9 Jul 1951	23	73	7	14 Aug 1951
AFB	Construction of Roads and Streets	1 Feb 1951	3 Aug 1951	13	15	3	23 Aug 1951
AFB	Construction Contract. Apron, Washrack, and Swinging Base	22 Jan 1951	6 Feb 1951	7	4	3	13 Feb 1951 (Definite contract 10 April 1951)
AFB	Construction of Refrigeration Plant; Motor Pool; AC Troop & Supply Warehouses; Fire and Crash Station Additions; AC Maintenance Shop; Engine Buildup Shop and Bakery	Dates of Design Authorization: Refrigeration Plant - 5 Jun 50, Motor Pool - 5 Jun 50 AC Troop & Supply Warehouses 5 Sep 50 Fire & Crash Station - 6 Apr 50 AC Maint Shop - 8 Nov 50 Engine Build-up Shop - 30 Jan 51 Bakery - 30 Jan 51	21 Mar 1951	21	11	8	14 Apr 51
	Construction of Strategic Bulk Petroleum Storage Facilities	31 Aug 1950	23 Feb 1951	7	11	8	19 Mar 1951
AFB	Construction of Utilities;	7 Nov 50	2 Apr 1951	29	5	3	4 May 1951

9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed (Day, Month, Year)	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied in Such Increase
Yes	$ 1,440,590.00	Martin K. Eby Construction Co. Wichita, Kansas	208	-	-	-
Yes	1,740,227.00	Western Contracting Corp., Sioux City, Iowa	97	-	-	-
2 Apr 1951	2,466,541.05	T. L. James & Company, Inc., Ruston, La.	144	-	-	-
Yes	3,235,000.00	Davison Construction Co., Manchester, N.H. and Swanburg Construction Corp. Manchester, N. H. (Joint Venturers)	230	-	-	-
Yes	1,694,201.00	Robert A. Verrier Construction Co. Portland, Maine	150	-	Supplemental Agreement #1 $138,318.22 28 Jun 1951	Supplemental Agreement #1 Furnishing and erecting 1 - 55,000 bbl. above-ground steel storage tank
Yes	9,063,018.75	Gil Wyner Co. Inc. and Campanella & Cardi	190	-	Supplemental Agreement #4	Supplemental Agreement #4 Construction

	Additional Utilities; Roads and Parking Areas; Runway Extensions; Parking Apron and Warmup Pad. Additional Refueling Facilities						
nestone AFB	Construction of Ammunition Storage Facilities including Plant Area, Fencing and Outside Electrical Work	20 Feb 51	20 Mar 1951	35	6	4	27 Apr 1
nestone AFB	Construction of Ammunition Storage Facilities including Administration Area, Utilities, Pavements and all Appurtenances	20 Feb 51	13 Jul 1951	18	10	2	6 Aug 1
esque Isle B	Rehabilitation Program for Presque Isle AFB, including Alert Apron, Airfield Lighting, Power to Alert Hangar, Navigation Aids, Alert Hangar and Rehabilitation of Roads and Paving	10 Apr 1951	11 Jun 1951	17	8	4	30 Jun 1
nestone AFB	Construction of BOQ; Officer's Mess (14,000 sq. ft.); Troop Housing, 3000 Man Barracks Including Mess; School Building; 500 Man Barracks	School Bldg. 5 Jun 1950 all other work 31 Jan 1951	19 Mar 1951	23	6	6	13 Apr 1

			Construction Co. Malden, Mass.			[illegible] 16 Aug 1951		of Hangar, Apron Extensions and Maintenance Dock substructures
Apr 1951	Yes	3,316,367.75	B. Perini & Sons Inc. Framingham, Mass.	227	-	-		-
Aug 1951	Yes	5,831,155.00	Volpe Construction Company and Farina Brothers (Joint Venturers) Malden, Mass.	206	-	-		-
Jun 1951	Yes	1,103,511.00	T. W. Cunningham, Inc. and Stewart & Williams, Inc. Bangor, Maine	150	-	-		-
Apr 1951	Yes	8,486,243.00	Volpe Construction Company and Farina Brothers, Malden, Mass.	262	-	Supplemental Agreement #2 $495,000. 23 Jun 1951 Supplemental Agreement #3 $321,000. 30 Jun 1951 Supplemental Agreement #4 $404,000. 17 Jul 51 Supplemental Agreement #7 $116,008 16 Aug 51		Supplemental Agreement #2 Construction of Bachelor Officer's qtrs; construction of an Officer's mess Constructing bituminous concrete pavements installing pipe drains, grading, topsoiling and seeding Furnishing Kitchen and Mess equipment by Contractor

rmat #3 Cont'd

1. Installation Name	2. Brief description of Work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Ori Dat Awa Let Oth (Day
MAINE Cont'd							
Searsport, Maine and Limestone	Installation of Petroleum Products Pipe Line	8 Jan 51	23 Jan 1951	30	1	1	2
MARYLAND							
Andrews AFB	Construction of Global Communication Facilities	27 Sep 1950	16 Feb 1951	3	3	1	1
Andrews AFB	Construction of Barracks and Mess	25 Jan 1951	7 Jun 1951	19	15	3	3
MASSACHUSETTS							
Otis AFB	Construction of Extensions of Electric Power to Alert Hangar; Utilities; Alert Apron; Runway Extension; Aircraft Parking Apron, Taxiway Extensions; Airfield Lighting	22 Jan 1951	23 Apr 1951	25	12	5	2

Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed (Day, Month, Year)	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed for Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work embodied In Such Increase
23 Feb 1951	9 May 1951	$ 3,945,800.00	W. H. Hinman, Inc. No. Anson, Maine, and Associated Pipe Line Contractors, Inc. Houston, Texas	234	-	Supplemental Agreement #3 $515,353.00 20 Jun 1951	Supplemental Agreement #3 Construction of 4 Pumping Stations, including site-work; pumping station, sub-structure and super-structure fencing; furnishing and installing pumps, machinery and miscellaneous appurtenances; electrical, plumbing and heating installation
19 Feb 1951	30 June 1951	4,050,000.00	John McShain, Inc. Arlington, Va	223	-	-	-
30 Jun 1951	Yes	5,933,000.00	Ajax Construction Co. Inc., & Associates Washington 5, D C	270	-	1,294,500 14 Sep 51	Construction of 8 additional barracks and 1 mess of masor
						103,548.62 9 Nov 51	Furnishing kitchen equipment and other minor miscellaneous items
23 May 1951	Yes	1,080,656.00	The Lane Construction Corp. Meriden, Conn.	150	-	Supplemental Agreement #1 119,873.00 30 Jun 1951	Supplemental agreement #1 Installation of GCA Facilities
						Supplemental Agreement #2 $218,315.90 30 Jun 1951	Supplemental agreement #2 Construction of Utilities to Alert Hangar, Readiness Building and Engineers Hangar

2. Brief description of Work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9.
Installation of Petroleum Products Pipe Line	3 Jan 51	23 Jan 1951	30	1	1	23 Feb 1951	
Construction of Global Communication Facilities	27 Sep 1950	16 Feb 1951	3	3	1	19 Feb 1951	
Construction of Barracks and Mess	25 Jan 1951	7 Jun 1951	19	15	3	30 Jun 1951	
Construction of Extensions of Electric Power to Alert Hangar; Utilities; Alert Apron; Runway Extension; Aircraft Parking Apron, Taxiway Extensions; Airfield Lighting	22 Jan 1951	23 Apr 1951	25	12	5	23 May 1951	

9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed (Day, Month, Year)	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed for Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied In Such Increase
9 May 1951	$ 3,945,800.00	W. H. Hinman, Inc. No. Anson, Maine, and Associated Pipe Line Contractors, Inc. Houston, Texas	234	-	Supplemental Agreement #3 $515,353.00 20 Jun 1951	Supplemental Agreement #3 Construction of 4 Pumping Stations, including site-work; pumping station, sub-structure and super-structure; fencing; furnishing and installing pumps, machinery and miscellaneous appurtenances; electrical, plumbing and heating installation
30 June 1951	4,050,000.00	John McShain, Inc. Arlington, Va	223	-	-	-
Yes	5,933,000.00	Ajax Construction Co. Inc., & Associates Washington 5, D C	270	-	1,294,500 14 Sep 51	Construction of 8 additional barracks and 1 mess of masonry
					103,548.62 9 Nov 51	Furnishing kitchen equipment and other minor miscellaneous items
Yes	1,080,656.00	The Lane Construction Corp. Meriden, Conn.	150	-	Supplemental Agreement #1 119,873.00 30 Jun 1951	Supplemental Agreement #1 Installation of GCA Facilities
					Supplemental Agreement #2 $218,315.90 30 Jun 1951	Supplemental Agreement #2 Construction of Utilities to Alert Hangar, Readiness Building and Readiness Hangar

Otis AFB	Construction of Alert Hangars and Readiness Hangars	31 Jan 1950	11 Jun 1951	11	10	6	27
CHIGAN							
Selfridge AFB	Airfield Pavement, Alert Apron and Taxiway Extension of Power to Alert Hangar, GCA Facilities. AN/FPN-16 Airport Surveillance Radar Facilities AN/CPN-18 Navigation Aids	30 Aug 1950	1 Jun 1951	26	13	3	27
INNESOTA							
Duluth AFB	Construction Site, Prep. Runway Extension, Apron and Taxiway	15 Jan 1951	23 Apr 1951	22	25	2	2
SSISSIPPI							
Keesler AFB	Construction Airmens Quarters and Mess Facilities in Triangle Area	26 Jan 1951	27 Jun 1951	18	116	5	29
Keesler AFB	Construction 2 Academic Buildings (Elec Lab)	26 Feb 1951	8 May 1951	14	172	13	8
Keesler AFB	1 Academic Building Block 44	26 Feb 1951	27 Jun 1951	14	49	5	27
ISSOURI							
Parkville Bulk Storage Facilities	Construction Contract Design and Construction of Bulk Petroleum Storage Facilities	15 Jan 1951	13 Aug 1951	29	67	8	24
EBRASKA							
Offutt AFB	Construction of Airmen's Dormitories	15 Jan 1951	1 May 1951	23	21	7	30
EW MEXICO							
Kirtland AFB	Construction Contract for Aircraft Apron, Including Fence, Hangar and Refueling and Storage Facilities, Kirtland AFB and Bulk Aviation Fuel Storage Facilities, Albuquerque Area	19 Jan 1951	10 Jan 1951	22	1	1	10
Walker AFB	Construction Contract for Construction of Aircraft Storage Areas (Airfield) Pavements	18 Jan 1951	6 Feb 1951	7	7	4	7

27 Jun 1951		Yes	[illegible]	& Sons, New Bedford, Mass.				
27 Jun 1951		Yes	1,421,392.00	Louis Garavaglia Centerline, Mich	220	-	-	-
2 Jun 1951		Yes	1,805,843.16	S. J. Groves & Sons Co. and Megarry Brothers, Minneapolis, Minn	120	-	-	-
29 Jun 1951		Yes	16,790,000.00	J. A. Jones Construction Co., Charlotte, N C	360	-	-	-
8 May 1951		13 Jun 1951	3,453,700.00	J. A. Jones Construction Co., Charlotte, N C	270	-	-	-
27 Jun 1951		Yes	1,585,960	Cowan Lumber & Planing Mill Co. Nashville, Tenn	270	-	-	-
24 Sep 1951		Yes	1,429,409.00	S. Patti Construction Co. Kansas City, Mo	270	-	-	-
30 Jun 1951	Specs. 21 Jul 51 Plans 26 Jul 51		1,074,000.00	Foster-Smetana Co. Omaha, Nebraska	240	-	-	-
10 Jan 1951		28 Apr 51	4,306,917.11	Morrison-Knudsen Co. Inc. San Francisco, Calif	416	-	$108,001.89 4 Jun 1951 Change Order	Change pavement thickness, joint sealing compound, construct patrol roa crossing, change loc tion of Utilities, construct storm sew enlarge hangar area install additional ducts and changes t drainage structures
7 Feb 1951		Yes	1,895,247.40	Mex-Tex Constructors Roswell, New Mexico	120	-	-	-

	Construction of Alert Hangars and Readiness Hangars	31 Jan 1950	11 Jun 1951	11	10	6	27 Jun 1951	
	Airfield Pavement, Alert Apron and Taxiway Extension of Power to Alert Hangar, GCA Facilities. AN/FPN-16 Airport Surveillance Radar Facilities AN/CPN-18 Navigation Aids	30 Aug 1950	1 Jun 1951	26	13	3	27 Jun 1951	
	Construction Site, Prep. Runway Extension, Apron and Taxiway	15 Jan 1951	23 Apr 1951	22	25	2	2 Jun 1951	
	Construction Airmens Quarters and Mess Facilities in Triangle Area	26 Jan 1951	27 Jun 1951	18	116	5	29 Jun 1951	
	Construction 2 Academic Buildings (Elec Lab)	26 Feb 1951	8 May 1951	14	172	13	8 May 1951	
	1 Academic Building Block 44	26 Feb 1951	27 Jun 1951	14	49	5	27 Jun 1951	
lk -	Construction Contract Design and Construction of Bulk Petroleum Storage Facilities	15 Jan 1951	13 Aug 1951	29	67	8	24 Sep 1951	
	Construction of Airmen's Dormitories	15 Jan 1951	1 May 1951	23	21	7	30 Jun 1951	Spe Pla
	Construction Contract for Aircraft Apron, Including Fence, Hangar and Refueling and Storage Facilities, Kirtland AFB and Bulk Aviation Fuel Storage Facilities, Albuquerque Area	19 Jan 1951	10 Jan 1951	22	1	1	10 Jan 1951	
	Construction Contract for Construction of Aircraft Storage Areas (Airfield) Pavements	18 Jan 1951	6 Feb 1951	7	7	4	7 Feb 1951	

Yes	1,160,100.00	Theodore Loranger & Sons, New Bedford, Mass.	130	-	-	-
Yes	1,421,392.00	Louis Garavaglia Centerline, Mich	220	-	-	-
Yes	1,805,843.16	S. J. Groves & Sons Co. and Megarry Brothers, Minneapolis, Minn	120	-	-	-
Yes	16,790,000.00	J. A. Jones Construction Co., Charlotte, N C	360	-	-	-
13 Jun 1951	3,453,700.00	J. A. Jones Construction Co., Charlotte, N C	270	-	-	-
Yes	1,585,960	Cowan Lumber & Planing Mill Co. Nashville, Tenn	270	-	-	-
Yes	1,429,409.00	S. Patti Construction Co. Kansas City, Mo	270	-	-	-
Specs. 21 Jul 51 Plans 26 Jul 51	1,074,000.00	Foster-Smetana Co. Omaha, Nebraska	240	-	-	-
28 Apr 51	4,306,917.11	Morrison-Knudsen Co. Inc. San Francisco, Calif	416	-	$108,001.89 4 Jun 1951 Change Order	Change pavement thickness, joint sealing compound, construct patrol road crossing, change location of Utilities, construct storm sewer, enlarge hangar area, install additional ducts and changes to drainage structures
Yes	1,895,247.40	Mex-Tex Constructors Roswell, New Mexico	120	-	-	-

rmat #3 Cont'd

Installation Name	2. Brief description of Work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Ori... Date Awar... Lett... Othe... (Day, ...
OHIO							
Lockbourne AFB	Reconstruction of NE/SW Runway	11 Jan 1951	6 Feb 1951	27	5	3	
Lockbourne AFB	Construction of New Apron	7 Feb 1951	10 May 1951	12	4	2	23
Youngstown Municipal AP	Construction of Runway Extension, Aprons and Taxiways	17 Jan 1951	5 Apr 1951	19	7	5	26
Lockbourne AFB	Construction of Refueling and Bulk Storage Facilities	30 Jan 1951	19 Jun 1951	9	5	4	28
OKLAHOMA							
Tinker AFB	Construction of 340,000 sq. ft. Permanent Type Warehouse	2 Feb 1951	24 Jan 1951	-	5	-	29
PENNSYLVANIA							
Greater Pittsburgh AFB	Dormitories, Mess Hall and Appurtenances	25 Jan 1951	29 May 1951	20	5	5	29
SOUTH CAROLINA							
Charleston Area Bulk Storage	Construction of Bulk Fuel Storage Facilities	2 Feb 1951	28 Jun 1951	15	46	4	30
SOUTH DAKOTA							
Rapid City AFB	Construction Airmen's Dormitories	1 Feb 1951	23 Mar 1951	19	47	30	18
Rapid City AFB	Construction Ordnance Storage Area	22 Jun 1951	6 Apr 1951	21	10	8	28
Rapid City AFB	Construction, Runway Rehabilitation	15 Jan 1951	1 May 1951	21	30	6	24

Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed.	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied In Such Increase
5 Mar 1951	Yes	$ 1,263,356.50	W. L. Johnson Construction Company, Columbus, Ohio	141	-	Modification #3, Change Order #3, dated 29 Jun 1951, $426,323.80 *Modification #4, Supplemental Agreement #4, dated 29 Jun 1951, $165,598.78	Clearing and grubbing a strip 750 ft. wide on each side of centerline of runway, preparation of shoulders for widened runway, Sta. 0+00 to Sta. 70+00, constructing drainage structures and facilities, removing concrete handrailing from bridge, providing temporary protection for telephone cable, removal of additional existing pavement, concrete removal, paving at intersections and for fillets, additional seeding, miscellaneous revision in the contract specifications. *Construction of high intensity lighting facilities
23 May 1951	Plans and specifications, with exception of details of lighting at SE end of Taxi-way No. 1, were completed on date of award. Details of lighting furnished 13 Jun 1951	5,166,084.00	W. L. Johnson Construction Company, Columbus, Ohio	150	-	-	-
26 May 1951	Yes	1,583,936.05	Allegheny Asphalt & Paving Co. Inc. Pittsburgh, Penna.	150	-	-	-
28 Jun 1951	Yes	1,651,734.00	Kaighin & Hughes, Inc. Toledo, Ohio	210	-	-	-
29 Jan 1951	25 Apr 1951	2,051,794.00	Manhattan Construction Company, Muskogee, Okla	213	-	-	-
29 May 1951	Yes	1,407,862.00	Dick Construction Co. Pittsburgh, Penna.	180	-	-	-
30 Jun 1951	Yes	1,557,290.00	Merritt-Chapman & Scott Corp. New York, N Y	293	100	-	-
18 Apr 1951	Yes	1,777,465.00	South West Town Construction Co. Inc. Chicago, Ill	240	-	-	-
28 Apr 1951	Yes	1,312,782	Riedesel Construction Co. Billings, Montana	210	-	-	-
24 May 1951	Yes	1,028,409.80	Peter Kiewit Sons' Co. Sheridan, Wyoming	161	-	-	-

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ion	2. Brief description of Work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Original Date Of Award By Letter Or Otherwise (Day, Month, Year)
ne AFB	Reconstruction of NE/SW Runway	11 Jan 1951	6 Feb 1951	27	5	3	5 Mar 1951
rne AFB	Construction of New Apron	7 Feb 1951	10 May 1951	12	4	2	23 May 1951
own al AP	Construction of Runway Extension, Aprons and Taxiways	17 Jan 1951	5 Apr 1951	19	7	5	26 May 1951
rne AFB	Construction of Refueling and Bulk Storage Facilities	30 Jan 1951	19 Jun 1951	9	5	4	28 Jun 1951
AFB	Construction of 340,000 sq. ft. Permanent Type Warehouse	2 Feb 1951	24 Jan 1951	-	5	-	29 Jan 1951
IA							
rgh AFB	Dormitories, Mess Hall and Appurtenances	25 Jan 1951	29 May 1951	20	5	5	29 May 1951
LINA							
ton lk	Construction of Bulk Fuel Storage Facilities	2 Feb 1951	28 Jun 1951	15	46	4	30 Jun 1951
TA							
ity AFB	Construction Airmen's Dormitories	1 Feb 1951	23 Mar 1951	19	47	30	18 Apr 1951
ity AFB	Construction Ordnance Storage Area	22 Jun 1951	6 Apr 1951	21	10	8	28 Apr 1951
ity AFB	Construction, Runway Rehabilitation	15 Jan 1951	1 May 1951	21	30	6	24 May 1951

Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed.	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Complation of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied In Such Increase
951	Yes	$ 1,263,356.50	W. L. Johnson Construction Company, Columbus, Ohio	141	-	Modification #3, Change Order #3, dated 29 Jun 1951, $426,323.80 *Modification #4, Supplemental Agreement #4, dated 29 Jun 1951, $165,598.78	Clearing and grubbing a strip 750 ft. wide on each side of centerline of runway, preparation of shoulders for widened runway, Sta. 0+00 to Sta. 70+00, constructing drainage structures and facilities, removing concrete handrailing from bridge, providing temporary protection for telephone cable, removal of additional existing pavement, concrete removal, paving at intersections and for fillets, additional seeding, miscellaneous revision in the contract specifications. *Construction of high intensity lighting facilities
951	Plans and specifications, with exception of details of lighting at SE end of Taxi-way No. 1, were completed on date of award. Details of lighting furnished 13 Jun 1951	5,166,084.00	W. L. Johnson Construction Company, Columbus, Ohio	150	-	-	-
951	Yes	1,583,936.05	Allegheny Asphalt & Paving Co. Inc. Pittsburgh, Penna.	150	-	-	-
951	Yes	1,651,734.00	Kaighin & Hughes, Inc. Toledo, Ohio	210	-	-	-
51	25 Apr 1951	2,051,794.00	Manhattan Construction Company, Muskogee, Okla	213	-	-	-
51	Yes	1,407,862.00	Dick Construction Co. Pittsburgh, Penna.	180	-	-	-
51	Yes	1,557,290.00	Merritt-Chapman & Scott Corp. New York, N Y	293	100	-	-
51	Yes	1,777,465.00	South West Town Construction Co. Inc. Chicago, Ill	240	-	-	-
51	Yes	1,312,782	Riedesel Construction Co. Billings, Montana	210	-	-	-
51	Yes	1,028,409.80	Peter Kiewit Sons' Co. Sheridan, Wyoming	161	-	-	-

rmat # 2 Cont'd

1. Installation Name	2. Brief description of work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date of Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Origi Date Award Lette Other (Day, Mo
SOUTH DAKOTA Cont'd							
Rapid City AFB	Construction Troop Administration and Housing Area Facility, Guard House and Recreational Facility, Ordinance Storage Area	22 Jun 1951	9 Jul 1951	22	10	4	8
Rapid City AFB	Construction Plant and Storage Facility, Ordinance Storage Area	22 Jun 1951	22 Jun 1951	21	6	2	20
Rapid City AFB	Construction Quarters, Mess Hall, Facility	1 Feb 1951	6 Apr 1951	19	33	3	2
TENNESSEE							
AEDC Tullahoma	Streets, Railroads and Utilities	20 May 1950	17 Jan 1951	37	8	5	3
Tullahoma	Administration and Engineering Building	12 Apr 1950	29 Dec 1950	29	33	4	6
Tullahoma	Steam Plant	20 May 1950	9 Mar 1951	32	8	6	10
Tullahoma	Secondary Reservoir, Water and Sewage Treatment Plants	20 May 1950	28 Mar 1951	45	10	8	12
TEXAS							
San Marcos AFB	Construction Contract-Rehabilitation of Existing Facilities to Meet AF Requirements	16 Jan 1951	24 Jan 1951	2	3	3	24
Lackland AFB	Construction Contract-	29 Jan 1951	3 Feb 1951	3	10	10	3

8. Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If Any Stipulated In Contract	14. Amt & Date of Each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied In Such Increase
8 Aug 1951	Yes	$ 2,382,[illegible]64.89	South West Town Construction Co. Inc. Chicago, Illinois	210	-	-	-
20 Jul 1951	Yes	1,710,625.00	Peter Kiewit Sons' Co., Riedesel Const. Co., Omaha, Neb	225	-	-	-
2 May 1951	Yes	1,441,000.00	Brezine Construction Co. Inc., Henry H. Hackett & Sons Inc., Rapid City, S D	105	-	-	-
[illegible] Feb 1951	Yes	4,979,224.36	Hardaway Contracting Co., Columbus, Ga	295	-	-	-
6 Feb 1951	Yes	1,920,[illegible]65.85	Robert E. Maxey Construction Company Lubbock, Texas	420	100	893,472	Construction of Annex to Building
10 Apr 1951	Yes	1,368,522.64	C. F. Rule Construction Co., Nashville, Tenn	371	I- 150 II- 150 III- 200 IV- 100	-	-
12 May 1951	Yes	1,558,848.39	Chas. H. Thompkins Co. Washington, D C	280	I- 100 II- 150 III- 200 IV- 100	-	-
24 Jan 1951	30 Apr 1951	4,238,000.00	Farnsworth & Chambers Co. Inc. Houston, Tex	96	-	450,000 30 Jun 51	Additional Rehabilitation
3 Feb 1951	26 Mar 1951	3,124,235.00	C. L. Browning, Jr.	147	-	-	-

ion	2. Brief description of work	3. Date of Design Authorization By Using Service or OCE (Day, Month, Year)	4. Date of Negotiations Started With First Contractor (Day, Month, Year)	5. No. of Days Allowed Contractors to Submit Proposals	6. No. of Contractors Considered	7. No. of Proposals Received	8. Original Date Of Award By Letter Or Otherwise (Day, Month, Year)	9.
A Cont'd								
ty AFB	Construction Troop Administration and Housing Area Facility, Guard House and Recreational Facility, Ordinance Storage Area	22 Jun 1951	9 Jul 1951	22	10	4	8 Aug 1951	
ty AFB	Construction Plant and Storage Facility, Ordinance Storage Area	22 Jun 1951	22 Jun 1951	21	6	2	20 Jul 1951	
ty AFB	Construction Quarters, Mess Hall, Facility	1 Feb 1951	6 Apr 1951	19	33	3	2 May 1951	
	Streets, Railroads and Utilities	20 May 1950	17 Jan 1951	37	8	5	19 Feb 1951	
	Administration and Engineering Building	12 Apr 1950	29 Dec 1950	29	33	4	6 Feb 1951	
	Steam Plant	20 May 1950	9 Mar 1951	32	8	6	10 Apr 1951	
	Secondary Reservoir, Water and Sewage Treatment Plants	20 May 1950	28 Mar 1951	45	10	8	12 May 1951	
s AFB	Construction Contract-Rehabilitation of existing Facilities to Meet AF Requirements	10 Jan 1951	24 Jan 1951	2	3	3	24 Jan 1951	
AFB	Construction Contract-	29 Jan 1951	3 Feb 1951	3	10	10	3 Feb 1951	

r)	9. Were Plans & Specifications Fully Completed on Date of Award (Col. 8)? If Not, Date Completed	10. Amt. of Original Contract	11. Name & Address of Contractor (Name, City, State)	12. No. of Days Allowed For Completion of Original Contract	13. Liquidated Damage Per Day, If any Stipulated In Contract	14. Amt & Date of each Increase of $100,000 or More Over Original Contract, Amt. Through Change Orders, Addenda, Supplemental Agreements Etc.	15. Brief description of Work Embodied In Such Increase
1	Yes	$ 2,382,864.89	South West Town Construction Co. Inc. Chicago, Illinois	210	-	-	-
1	Yes	1,710,625.00	Peter Kiewit Sons' Co., Riedesel Const. Co., Omaha, Neb	225	-	-	-
1	Yes	1,441,000.00	Brezine Construction Co. Inc., Henry H. Hackett & Sons Inc., Rapid City, S D	105	-	-	-
1	Yes	4,979,224.36	Hardaway Contracting Co., Columbus, Ga	295	-	-	-
1	Yes	1,920,065.85	Robert E. Maxey Construction Company Lubbock, Texas	420	100	893,472	Construction of Annex to Building
1	Yes	1,368,522.64	C. F. Rule Construction Co., Nashville, Tenn	371	I- 150 II- 150 III- 200 IV- 100	-	-
1	Yes	1,558,848.39	Chas. H. Thompkins Co. Washington, D C	280	I- 100 II- 150 III- 200 IV- 100	-	-
1	30 Apr 1951	4,238,000.00	Farnsworth & Chambers Co. Inc. Houston, Tex	96	-	450,000 30 Jun 51	Additional Rehabilitation
1	26 Mar 1951	3,124,235.00	C. L. Browning, Jr.	147	-	-	-

AFB	Construction Contract-	29 Jan 1951	3 Feb 1951	3	10	10	3 Feb 1951
	25 Barracks Including Mess and Administration Building, Fire Station and Applicable Utilities						
Randolph AFB	Construction Contract- 12 Barracks, 877 AM Including Mess and Applicable Utilities	17 Jan 1951	21 Mar 1951	9	75	30	21 Mar
Lackland AFB	Construction Contract- 75 Airmen's Quarters, 5 Mess and Administration Buildings, 2 Academic Buildings, and Applicable Utilities	23 Feb 1951	29 May 1951	7	22	13	29 May
Lackland AFB	Construction Contract- 46 Airmen's Quarters, 2 Mess and Administration Buildings, 2 Academic Buildings, and Applicable Utilities	23 Feb 1951	5 Jun 1951	7	90	8	6 Jun
Amarillo AFB	Construction of Academic Building, Training Aid Building, Base Operation Building and Two-Unit Hangars	25 Jan 1951	5 Feb 1951	-	4	-	5 Feb
Amarillo AFB	Construction of Water, Gas and Sewage Systems, Roads, Streets, Parking and Walking Area, Grading and Site Preparation	25 Jan 1951	12 Mar 1951	-	3	-	12 Mar
Amarillo AFB	Construction of 119 Airmen's Dormitories	25 Jan 1951	13 Mar 1951	8	20	15	21 Mar
Amarillo AFB	Rehabilitation of Existing Facilities	7 Feb 1951	11 May 1951	7	10	4	17 May
Walters AFB	Additional Facilities	26 Jan 1951	15 Mar 1951	60	20	1	19 Mar
MAT Burlington Municipal AP	Construction of Aprons, Taxiways and Runway extension	16 Jan 1951	2 May 1951	29	10	10	28 Jun

1	26 Mar 1951	3,124,235.00	C. J. Browning, Jr. San Antonio, Texas	147	-	-	-
21 Mar 1951	6 Apr 1951	1,445,306.00	Farnsworth & Chambers Co. Inc., Houston, Tex	90	-	-	-
29 May 1951	13 Jun 1951	10,148,625.00	J. A. Jones Construction Co. Shreveport, La	150	1,500	406,976.25 4 Aug 51	Extend roof overhang and construct canopies
6 Jun 1951	13 Jun 1951	5,705,555.00	Farnsworth & Chambers Co. Inc., Houston, Tex	150	1,000	-	-
5 Feb 1951	17 May 1951	1,945,330.00	Lumbie & Moss Amarillo, Tex	222	-	206,442 29 Jun 51	Rehab of Dental Clinic, mess hall and engine test room and const of warehouse loading docks
12 Mar 1951	17 May 1951	1,489,041.62	Bell, Braden, Barker & Gilvin, Inc. Amarillo, Texas	264	-	-	-
21 Mar 1951	Yes	8,727,800.00	Del E. Webb Construction Co., Phoenix, Arizona	86	-	1,249,539 19 Jun 51	Waterproofing and redesign to accommodate additional personnel
						114,002 10 Aug 51	Finish hardwood flooring
17 May 1951	Yes	1,131,404.02	Barfield Construction Co., Amarillo, Texas	151	-	-	-
19 Mar 1951	15 May 1951	1,168,559.00	Spencer Construction Co. Inc., Glade Construction Co. F. S. Oldt Co. and C. E. Small Co. Fort Worth, Tex	135	-	140,995 by Sup Agreement dated 29 Jun 51	Construction of Guard House
29 Jun 1951	Yes	1,671,795.00	Peter Salvucci, Waltham, Mass	130	-	-	-

rmat No 2

DATA ON CONSTRUCTION CONTRACT

ON COMPETITIVE BID BY CORPS OF

AIR FORCE FUNDS FOR MILITARY CONS

FOURTEEN-MONTH PERIOD E

1. Installation Name	2. Brief Description of Work	3. Date of Design Authorization by Using Service or CCE (Day, Month, Year)	4. Date of Advertising for Construction Bids (Day, Month, Year)	5. No of Days in Actual Bid Period	6. No of Bids Received	7. Date Contract Awarded (Day, Month, Year)	8. A Co (1
RIZONA							
Davis-Monthan Air Force Base	Construction-Aircraft Fueling Systems at Davis-Monthan AFB and Bulk Storage Facilities at Tucson, Ariz	2 Feb 51	19 Jun 51	11	2	30 Jun 51	$1,09
Davis-Monthan Air Force Base	Construction - Runway and connecting taxiways	26 Jan 51	12 Jun 51	11	5	30 Jun 51	$1,95
ALIFORNIA							
Edwards Air Force Base	Construction - 500-man Barracks and Mess Facilities and 250-man Barracks and 500-man Mess	6 Dec 50	11 Jun 51	11	9	25 Jun 51	$2,09
Classified Project, San Diego	Construction - Classified Project	20 Oct 48	18 Oct 50	13	3	15 Nov 50	$1,21
Classified Project near Santa Barbara	Construction - Classified Project	18 Oct 49	1 Dec 50	11	11	12 Dec 50	$1,79
March Air Force Base	Construction - Apron, New Runway, Taxiway, Additional Apron, POL Facilities and VHF Omni-Directional Radio Range Facility and GCA Facility	9 Feb 51	4 Jun 51	11	8	20 Jun 51	$6,19
Oxnard Air Force Base	Construction - Readiness Hangar, Alert Hangar, Control Tower, Barracks - 250 AM,	31 Jan 51	18 Jun 51	11	7	27 Jul 51	$1,31

NTRACTS LET FOR $1,000,000 OR MORE

PS OF ENGINEERS IN OBLIGATING

ARY CONSTRUCTION (ZONE OF INTERIOR)

ERIOD ENDED 31 AUGUST 1951

8. Amt of Contract (Initial)	9. Name and Address of Contractor (Name, City, State)	10. No of Days Allowed for Completion of Original Contract	11. Liquidated Damage per Day Specified in Contract	12. Amt & Date of Each Increase of $100,000 or More Over Original Contract Amt Through Change Orders, Addenda, Supplemental Agreements, Etc	13. Brief Description of Work Embodied in Such Increase
$1,097,891.75	Vinson Const Co and Harold Ashton Bldg Co, Phoenix, Ariz	150	-	-	-
$1,954,817.33	M. M. Sundt Const Co, Tucson, Ariz	180	-	-	-
$2,095,355.00	Alliance Const Co, South Pasadena, Calif	170	-	-	-
$1,219,000.00	J. A. McNeil Co, Alhambra, Calif	120	$350.00	$248,100.55 10 Mar 51	Additional const work in accordance with Supplemental Agreement Specifications No AS1-51-29, 5 Feb 51
$1,792,999.85	Morrison-Knudsen Co, Los Angeles, Calif	150	$350.00	$303,758.91 8 Feb 51	Additional construction in accordance with specifications OC-4-51-36, 29 Jan 51 entitled "Specifications to Accompany Change Order for Additional Buildings and Miscellaneous Changes"
				$274,999.00 15 Aug 51	Construct facilities to provide a water supply by means of salt water conversion.
$6,194,199.50	Peter Kiewit Sons' Co, Arcadia, Calif	180	-	-	-
$1,318,118.90	McDonald Bros, Los Angeles, Calif	150	-	-	-

Travis AFB	Expansion of Station Hospital	19 Jan 51	13 Jun 51	12	4	30 Jun 51
DELAWARE						
New Castle County Air Force Base	Hangars, Bldgs and Related Facs	30 Jan 51	21 Jan 51	15	1	11 Jul 51
FLORIDA						
Pinecastle AFB	Const Airmen's Barracks, 1,029 Men (w/Mess)	27 Feb 51	10 May 51	19	23	31 May 51
Tyndall AFB	Const of Runways, Taxiways, Aprons, Lighting Facs & Storm Drinage	28 Dec 50	25 Jan 51	14	4	9 Feb 51
GEORGIA						
Hunter AFB	Const New Runway	18 Jan 51	8 May 51	15	8	23 May 51
Robins AFB	Const Special Purpose Vehicle and Powered Equip Repair Shop	17 Jan 51	11 Jul 51	20	7	25 Aug 51
ILLINOIS						
Chanute Air Force Base,	Const of Dormitories and Mess and Adm Bldgs for WAF Housing	11 Jan 51	11 Jul 51	16	8	1 Aug 51
LOUISIANA						
Barksdale Air Force Base	Const contract. Barracks, including mess for 500 airmen	12 Jan 51	1 Jun 51	12	2	14 Jun 51
Lake Charles AFB	Const contract. Rehabilitation of existing facs for AF requirements	9 Feb 51	26 Feb 51	84	11	22 May 51
Lake Charles AFB	Const contract. Barracks, 750 airmen, including mess: crash and fire station (7 stall); base communications bldg and applicable utilities.	31 Jan 51	10 May 51	26	9	6 Jun 51
Lake Charles AFB	Const contract. Runway, taxiway and apron extensions.	15 Jan 51	20 Jun 51	9	5	30 Jun 51

rmat No 2 (continued)

1. Installation Name	2. Brief Description of Work	3. Date of Design Authorisation by Using Service or OCE (Day, Month, Year)	4. Date of Advertising for Construction Bids (Day, Month, Year)	5. No of Days in Actual Bid Period	6. No of Bids Received	7. Date Contract Awarde (Day, Month, Ye
MAINE						
Limestone Air Force Base	Construction of Central Heating Plant	15 Aug 48	29 Aug 50	31	8	19 Oct 50
MICHIGAN						
Vicinity of Ypsilanti	Const of Barracks & Misc Bldgs and all related work necessary thereto	15 Sep 49	18 Aug 50	22	4	15 Sep 50
MINNESOTA						
F-36	Construction Communication Station	24 Apr 50	15 Jul 50	27	6	22 Aug 50
MONTANA						
Great Falls AFB	Const Contract for New Runway	28 Aug 50	24 Apr 51	21	5	16 May 51
Great Falls AFB	Const Contract for Barracks and Mess Facs	5 Dec 50	23 Apr 51	22	15	31 May 51
NEVADA						
Nellis Air Force Base	Const - A/C Parking Apron, New Runway and Extension to Taxiways	29 Jan 51	22 May 51	11	5	7 Jun 51
NEW JERSEY						
McGuire Air Force Base	Utilities and Roads	31 Jan 51	19 Jun 51	9	1	6 Jul 51
McGuire Air Force Base	Hangars, Mess Halls, Dormitories and related facs	31 Jan 51	4 Jun 51	15	3	20 Jun 51
NEW MEXICO						
Sacramento Peak	Const Contract for Bldgs and Facs, Upper Atmosphere Research Station	22 Jan 51	1 Jun 51	20	2	30 Jun 51
NEW YORK						
Type A Weather Sta-	Const of Bldgs and Utilities	17 Oct 49	26 Jun 50	22	6	14 Aug 50

1	$1,515,661.00	McDonald, Young & Nelson, Inc, San Francisco, Calif	350	-	-	-
1	$1,010,048.00	Wm Linker Co, Inc, Philadelphia, Pa	150	$60.00	-	-
1	$1,158,210.00	J. Hilbert Sapp, W. Palm Beach, Fla	150	$150.00	-	-
	$1,241,035.00	Wright Contracting Co, Columbus, Ga	120	-	$1,725,027.00 16 Apr 51	Const of Addtl Runways, connecting taxiways and warm-up pads and removal of flight hazards.
1	$2,651,496.50	Dickerson, Inc, Monroe, N C and D. W. Winkelman, Greensboro, N C	240	$50.00	-	-
1	$2,351,763.80	Beers Const Co, Atlanta, Ga	365	$100.00	$135,730.00 23 Nov 51	Change order for reinstatement of Item 5 - Concrete Pavement
	$1,237,399.00	Walsh Oil Co, Inc & Lincoln Crushed Stone Co, Joliet, Ill	320 for final compl; 228 for beneficial occupancy	For beneficial occupancy $100; final compl $200	-	-
1	$1,068,477.86	R. P. Farnsworth & Co, Inc, Baton Rouge, La	232	-	-	-
1	$1,097,852.00	Barksdale & LeBlanc, Baton Rouge, La	45	$500.00	-	-
	$1,192,420.00	Barksdale & LeBlanc, Baton Rouge, La	120	$100.00	-	-
1	$7,983,520.00	T. L. James & Co, Inc, Ruston, La	347	$500.00	-	-

te t Awarded nth, Year)	8. Amt of Contract (Initial)	9. Name and Address of Contractor (Name, City, State)	10. No of Days Allowed for Completion of Original Contract	11. Liquidated Damage per Day Specified in Contract	12. Amt & Date of Each Increase of $100,000 or More Over Original Contract Amt Through Change Orders, Addenda, Supplemental Agreements, Etc	13. Brief Description of Work Embodied in Such Increase
ct 50	$1,445,505.00	Robert A. Verrier Const Co, Portland, Me	347	$1,000.00	-	-
ep 50	$1,549,500.00	W. L. Lazynski, Inc, Milwaukee, Wis	281	$100.00	-	-
ug 50	$1,349,053.00	James Lock Co, Minneapolis, Minn	285	$100.00	-	-
ay 51	$2,322,337	Wilson-Smith Const Co, Kiely Const Co and Northwestern Eng Co, Great Falls, Mont	180	$500.00	-	-
ay 51	$1,295,831.40	Sletten Const Co and Pappin Const Co, Great Falls, Mont	150	$1,000.00	-	-
n 51	$1,701,598.65	Besich Brothers' Const Co, Garvey, Calif	115	-	-	-
l 51	$2,224,512.00	E. H. Ellis & Sons, Inc, Merchantville, N J	240	-	-	-
n 51	$2,180,442.00	Fred J. Brotherton, Heckensack, N. J.	150	$30.00	-	-
n 51	$1,074,467.47	Campbell & Kay, Tyler, Tex	300	$110.00	-	-
g 50	$1,255,949.00	Arthur Venneri Co,	300	$275.00	-	-

ype 4, Weather Sta- ion, Roslyn	Const of Bldgs and Utilities	17 Oct 49	7 Aug 50	31	9	11 Sep 50
ampson Air Force Base	Rehabilitation Program (Const)	22 Nov 50	5 Dec 50	16	14	28 Dec 50
ampson Air Force Base	Const of Addtl Facs	28 Feb 51	25 May 51	28	8	29 Jun 51
esthampton, L. I., . Y. Suffolk County ir Force Base	Const of Airfield Facs	15 Feb 51	1 Jun 51	25	4	26 Jul 51
ampson Air Force ase,	Rehabilitation Part II (Const)	22 Nov 50	25 Jun 51	4	2	30 Jun 51
riffiss Air Force ase	Const of Addtl Facs	11 Jan 51	29 May 51	30	4	27 Jul 51
iagara Falls	Const ofAirfield Facs	30 Jan 51	28 May 51	31	2	29 Jun 51
HIO						
troleum Storage pot, Bulk Fuel orage Facs, Cin- nnati	Const contract. Design and const of bulk storage facs	16 Jan 51	8 Jun 51	18	4	26 Jun 51
ntile Specialized pot, Dayton	Const contract. Warehouse (2d Supplemental FY 51)	18 Jan 51	4 Jun 51	22	10	29 Jun 51
KLAHOMA nker AFB	Const of Special Purp Vehicle Repair Bldg	2 Feb 51	10 Jul 51	16	14	31 Jul 51
ll Project 86A	Const thereof	19 Sep 50	12 Oct 50	11	9	25 Oct 50
NSYLVANIA						
ater Pittsburgh B	Bldgs & Util, Taxiways and Aprons	25 Jan 51	22 Jun 51	25	2	5 Sep 51
ater Pittsburgh B	Runway and Taxiway Extensions	12 Jan 51	21 Jun 51	20	5	22 Oct 51

$1,084,739.00	Five Boro Const Corp, New York, N. J.	270	$275.00	-	-
$2,677,676.70	Five Boro Const Corp & Malan Plumbing Co, Inc, New York, N. Y.	150	-	-	-
$4,126,251.00	Merritt-Chapman & Scott Corp, New York, N. Y.	304	$1,000.00	-	-
$3,278,734.00	Hendrickson Bros, Inc, Valley Stream, N. Y.	300	$500.00	-	-
$2,404,735.00	Merritt-Chapman & Scott Corp, New York, N. Y.	120	-	-	-
$3,452,200.00	Stock Const Corp, New York, N. Y.	270	-	$536,000.00 15 Oct 51	Clearing, grubbing and grading of addtl runways and taxi-ways.
$3,338,500.00	D. W. Winkelman Co, Inc, Syracuse, N. Y.	108	Specified for each separate item of work.	-	-
$1,089,655.50	Dawson-Evans Const Co, Cincinnati, Ohio	210 except painting of large storage tanks and seeding	$200.00		-
$1,300,944.66	G. Sheaf & Co, Columbus, Ohio	360	-	-	-
$2,475,476.00	Liepert Bros, Inc, Oklahoma City, Okla	335	$150.00 beneficial occupancy; $100.00 final	-	-
$1,724,004;00	E. B. Rush Const Co, Oklahoma City, Okla	225	$1,000.00 beneficial occupancy; $300.00 final	-	-
$2,217,667.88	Mover Bros, Altoona, Pa	284	-	-	-
$1,250,025.00	Harrison Const Co, Pittsburgh, Pa	280	$30.00	-	-

rmat No 2 (continued)

1. Installation Name	2. Brief Description of Work	3. Date of Design Authorization by Using Service or OCE (Day, Month, Year)	4. Date of Advertised for Construction Bids (Day, Month, Year)	5. No of Days in Actual Bid Period	6. No of Bids Received	7. Date Contract Awa (Day, Month,
OUTH CAROLINA						
onaldson Air Force ase	Const of Runway, Apron and Taxiways Extensions	12 Jan 51	7 Apr 51	9	10	7 May 51
ENNESSEE						
ambria Range Station	Const of Structures and Utilities for Type 3 Modified Station	17 Oct 49	16 Oct 50	36	4	22 Nov 50
ewart Air Force Base	Const of Runway Extension and Taxiways	18 Jan 51	25 May 51	11	4	6 Jun 51
cGhee-Tyson Air Force ase, Knoxville	Const of Runway, Apron and Taxiways	16 Feb 51	18 Jun 51	10	12	29 Jun 51
EDC Tullahoma	Model Shop & Laboratory Annex	By USAF	21 May 51	29	4	19 Jun 51
AEDC Tullahoma	Main Tunnel Ducting for Transonic Circuit Probulsion Wind Tunnel	By USAF	25 May 51	32	2	26 Jun 51
EXAS						
marillo AFB	Const of 102 AM Dormitories	25 Jan 51	23 Apr 51	16	16	10 May 51
marillo AFB	Const of Mess & Adm Bldgs	25 Jan 51	7 May 51	22	4	31 May 51
heppard AFB	Const of AM Dorm & Mess Halls	28 Feb 51	21 May 51	22	12	15 Jun 51
heppard AFB	Const of Academic Bldg	28 Feb 51	27 Jul 51	31	11	30 Aug 51
Big Spring Air Force Base	Const contract. Airmen's Quarters and Mess and Administration Bldg	27 Mar 51	28 May 51	18	13	23 Jun 51
Barksdale Air Force Base	Const contract. Administration areas.	16 Oct 50	20 Apr 51	12	16	2 May 51
Bryan AFB	Construction Contract. Rehabilitation of Bldgs and	16 May 51	31 May 51	8	9	12 Jun 51
Kelly AFB	Const contract. Communications maintenance bldg.	2 Feb 51	15 Jun 51	14	7	30 Jun 51
Bryar AFB	Const contract. Runways, taxiways and airfield lighting	21 Feb 51	21 Jun 51	9	12	30 Jun 51
Kelly AFB	Const contract. Facs for Air Force security	8 Sep 50	18 Jul 51	30	15	20 Aug 51
Lackland AFB	Const contract. 12 airmen's Quarters (including Mess)	23 Feb 51	20 Apr 51	11	13	2 May 51
WASHINGTON						
Fairchild AFB	Const contract for barracks and mess facs.	6 Dec 50	30 Apr 51	16	9	4 Jun 51
Larson AFB	Const contract for barracks and mess facs.	5 Dec 50	12 May 51	20	4	20 Jun 51
Fairchild AFB	Const contract for new runway	30 Aug 50	12 May 51	19	8	31 May 51
Mukilteo Depot	Const of bulk petroleum stg facs	22 Jan 51	4 Jun 51	21	8	26 Jun 51

ate Awarded nth, Year)	8. Amt of Contract (Initial)	9. Name and Address of Contractor (Name, City, State	10. No of Days Allowed for Completion of Original Contract	11. Liquidated Damage per Day Specified in Contract	12. Amt & Date of Each Increase of $100,000 or More Over Original Contract Amt Through Change Orders, Addenda, Supplemental Agreements, Etc	13. Brief Description of Work Embodied in Such Increase
y 51	$1,637,132.19	Dickerson, Inc, Monroe, N. C.	210	$100	-	-
v 50	$1,108,703.00	Sesco Contractors, Dallas, Tex	201	-	$213,553.11 by supplemental Agreement No 2, 30 Apr 51	Const of additional bldgs and utilities.
51	$1,027,753.00	J. R. Michael & Co, Inc, Memphis, Tenn	150	$50	-	-
n 51	$2,064,735.00	Harrison Const Co, Maryville, Tenn	330	$100	$163,119.90 Change Order no 1, 17 Jul 51	Flexible type pavement changed to concrete.
n 51	$1,736,133.00	Robert E. Maxey Const Co, Lubbock, Tex	335	$100	-	-
n 51	$3,885,800.00	Pittsburgh-Des Moines Steel Co, Pittsburgh, Pa	540	-	-	-
y 51	$6,393,666.00	Del E. Webb Const Co, Phoenix, Ariz	173	$400 for part; $300 for part	-	-
y 51	$3,870,152.00	Del E. Webb Const Co, Phoenix, Ariz	168	$50	-	-
n 51	$3,966,481.50	P. O. B. Montgomery, Dallas, Tex	210	$75	-	-
g 51	$1,988,125.00	Eckert-Fair Const Co, Dallas, Tex	349	$100	-	-
n 51	$2,647,032.90	J. W. Bateson Co, Inc, Dallas, Tex	175	$100	-	-
51	$1,164,922.74	R. F. Farnsworth & Co, Inc, New Orleans, La	162	-	-	-
n 51	$1,493,116.96	Steinberg & Son, Dallas, Tex	75	$500	-	-
n 51	$2,076,600.00	McKenzie Const Co, San Antonio, Tex	240	$50	-	-
n 51	$1,189,240.50	Southwest General Const Co, Dallas, Tex	150	$500	-	-
g 51	$4,771,000.00	W. S. Bellows Const Corp, Houston, Tex	547	$100	-	-
51	$1,527,034.00	Atlantic Const Co, Houston, Tex	120	$100	-	-
51	$1,171,694.00	Roy L. Bair & Co, Spokane, Wash	150	$1,000	-	-
n 51	$3,840,786	Lease & Leighland, Seattle, Wash	200	$1,500	-	-
y 51	$2,051,323.50	S. Birch & Sons Const Co & McLaughlin, Inc, Great Falls, Mont	165	$500	$1,934,764 by Supplemental Agreement on 29 Jun 51; also $123,983 by change order on 1 Nov 51	Aprons, docks, taxiways and (30) hardstands. Security fencing and perimeter road due to acquisition of additional land.
n 51	$1,429,791.00	Dahlgren Const Co, Seattle, Wash	360	$150	-	-

Mr. DONNELLY. In order that the committee might have the benefit of some of the facts and data relating to the training bases that were affected, we have data that we can put into the record. I can hand each of the committee members a summary of the facts as our people found them to exist.

AMARILLO AIR FORCE BASE, TEX.

CONSTRUCTION OF BARRACKS

The first summary I have is the Amarillo Air Force Base, which is one of those that we built to handle the increased training center problem. I think that I can say in a few words that the Corps of Engineers was given 90 days to build a tremendous number of barracks in Amarillo at a premium price a year ago, and as of now the barracks that were built are not being used to the extent that the Air Force indicated a year ago.

General DISOSWAY. That is true. When Amarillo was planned, it was to come in with students in May of 1951.

Mr. DONNELLY. I will hand a copy of the data across the table and I would like to have it inserted into the record at this point, if I may.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

AMARILLO AIR FORCE BASE, TEX.—CONSTRUCTION OF 119 BARRACKS

CONTRACT NO. DA-34-066-ENG-1902

1951

January 25: Directive A51-1A of the Air Force authorized the Corps of Engineers to design and construct a large number of barracks for the Air Force.

March 5: Corps pointed out to Air Force the fact that an early beneficial occupancy date would of necessity require improvisation of several items in order to make the dormitories livable and that it would involve a premium cost. Notwithstanding, the Air Force established June 15, 1951, as the initial date for beneficial occupancy of the 119 barracks.

March 13: Corps furnished standard plans for barracks to a selected list of contractors and invited them to submit proposals within 7 days.

March 16: Master plan received by corps from Air Force. (Corps later stated to committee staff investigators that the project had been delayed due to late receipt of this master plan from the Air Force.)

March 21: Twelve proposals received. Corps issued a letter order contract to Del E. Webb Construction Co.

March 27: Work started, with completion date fixed so as to allow beneficial occupancy of the 119 barracks by June 15, 1951.

April 4: Revised plans forwarded to contractor.

May 4: Formal contract issued in amount of $8,727,800.

May 8: Change orders reducing contract (−$114,597) (due to substitution of material).

May 14: Change order reducing contract (−$50,000) (reduction made because beneficial occupancy date for 85 out of the 119 barracks deferred).

June 19: Change order increasing contract +$1,299,599). (Negotiated change order occasioned by submission of the revised plans on April 4, 1951.)

Net amount of contract after the three changes mentioned above, $9, 862, 802. Per building, $82,880.

BENEFICIAL OCCUPANCY	*Barracks*
Initially: June 15, 1951	119
As revised (see change order of May 14, 1951):	
June 15, 1951	34
Aug. 1, 1951	85

AMARILLO AIR FORCE BASE, TEX.—CONSTRUCTION OF 102 BARRACKS

CONTRACT NO. DA-34-066-ENG-1963

1951

January 25: Directive A51-1A authorized the design and construction of barracks.

April 23: Bids for construction of barracks were solicited.

May 8: Bids were opened. Sixteen bids were received.

May 10: Contract awarded to Del E. Webb Construction Co. in the amount of $6,393,666 or $62,683 per building.

May 23: Formal notice to contractor to proceed.

June 19: Work started.

Completion date: November 15, 1951.

Comparison of barracks cost of identical buildings under contract No. 1902 and contract No. 1963

Contract No.	Number of buildings	Contract cost	Cost per building	Type of contract
1902	119	$9,862,802	$82,880	Negotiated.
1963	102	6,393,666	62,683	Advertised.

Source: Data furnished committee's investigative staff by Tulsa district of the Corps of Engineers.

NOTE.—The 119 buildings constructed under contract No. 1902, if based on the amount bid per building by the same contractor under contract No. 1963, would have cost $7,459,277, or $2,403,525 (24 percent) less

Subsequently, major change orders costing $1,185,002 were inaugurated which changed the specifications of some of the materials and made architectural and mechanical changes to provide more rooms in each building.

Another change order permitted the beneficial occupancy date of June 15, 1951, to be changed so as to apply to only a portion of the work with beneficial occupancy of the remainder by August 1, 1951. In extending the dates as indicated above, the contractor offered to reduce his price only $50,000. This offer was accepted by the corps without a thorough analysis of the savings to the contractor. There are indications that the Government paid more dearly for expediting the work in the first instance as is evidenced by a memorandum dated April 4, 1951, by a representative of the corps which states in part: "In view of the fact that 34 of the dormitories are still scheduled for completion on June 15, it is recommended that his offer be accepted. However, attention is invited to the fact that if we were buying time from the contractor in lieu of selling it to him, his asking price would be much higher."

DISCUSSION OF CONTRACT FOR EXPEDITED CONSTRUCTION OF BARRACKS

Mr. DONNELLY. The write-up I have here, which is a chronological running account, shows the Air Force's directive of January 25, 1951, and then on March 5, 1951, the Air Force advised the Corps of Engineers that beneficial occupancy was desired for 119 barracks on June 15, which was approximately 90 days later.

General DISOSWAY. That base was to be for training of jet mechanics. On the run-out on aircraft, we had to get those people in there in training in that time to meet the aircraft. As a matter of fact, we are not going to be 100 percent manned in our mechanics field at the end of this year due to the slippage of this base, as you know.

Mr. DONNELLY. To follow the chronological account, I have the Corps of Engineers going through its entire bidding procedures in contract awarding between March 13 and March 21, which is 8 days for a formal contract which later amounted to $8,727,000.

COST PER BARRACKS BUILDING AND CREDIT OFFERED FOR EXTENSION OF BENEFICIAL OCCUPANCY BID

Now, turning the page, we find the cost per building, per barracks building, as $82,880 for each of the 119 barracks buildings that were involved. Then we see that the beneficial occupancy date was changed from June 15 to August 1, a period of 6 weeks, for 85 barracks.

I might tell the committee at this point, if I may summarize this, that these barracks cost $20,000 more per building than the 102 additional barracks erected by the same contractor at the same base under a subsequent contract awarded in a more orderly way, so we have a premium of 119 times $20,000, and with this increase in the construction time of 6 weeks the contractor would give the Government a credit of only $50,000.

In other words, when the Government sought to sell the time back to the contractor, it got only $50,000 for the 6 weeks given the contractor in this situation.

CONTRACT AND COST OF ADDITIONAL BARRACKS

On the next page you see the statement with respect to the second contract which had to do with the 102 additional barracks, and you see the price there, based upon competitive bidding, $62,683.

Then on the fourth page there is the recapitulation of the difference between the two contracts. We have a summary which will show the original construction of the 119 barracks would have cost $2,403,525 less, or 24 percent, if the first contract had been awarded on the same basis as the second contract, which was advertised.

Now, from my study, I might state to the gentlemen on the other side of the table we have given considerable attention to the barracks study in the course of the Navy hearings.

Barracks do not involve very complicated construction problems. Building a barracks is far less complicated than building a hangar. Here we have a large number of barracks being constructed at Amarillo in a rush period of time.

PROGRESS IN DEVELOPING ECONOMICAL AND STANDARDIZED DESIGN FOR BARRACKS

Do you have any comment to make with respect to the work done up to January 1951, by the Corps of Engineers, on barracks design criteria?

General MYERS. Yes. Up to January 1951, as I remember it, primarily in anticipation of our second supplemental 1951 program—and that program was the first one in which we evolved our concept of 25- and 10-year-life-type barracks—the Corps of Engineers designed a barracks incorporating the room-type barracks. It originally had a total area of about 164 square feet per man. That is gross area per man. About the time we got that designed and started building it, we felt that it was overbuilt, the square feet per man, and we took steps on the 10-year barracks to take out about 40 square feet. We eliminated the storage space and made that into rooms so that we could put more people in them and cut down on the square footage per man. We cut out about 40 square feet.

We then embarked upon a new plan, a new design for barracks, to incorporate that idea in all of them. We then came up with what we

AMARILLO AIR FORCE BASE, TEX.—CONSTRUCTION OF 102 BARRACKS

CONTRACT NO. DA-34-066-ENG-1963

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Source: Data furnished committee's investigative staff by Tulsa district of the Corps of Engineers.

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CONTRACT AND COST OF ADDITIONAL BARRACKS

On the next page you see the statement with respect to the second contract which had to do with the 102 additional barracks, and you see the price there, based upon competitive bidding, $62,683.

Then on the fourth page there is the recapitulation of the difference between the two contracts. We have a summary which will show the original construction of the 119 barracks would have cost $2,403,525 less, or 24 percent, if the first contract had been awarded on the same basis as the second contract, which was advertised.

Now, from my study, I might state to the gentlemen on the other side of the table we have given considerable attention to the barracks study in the course of the Navy hearings.

Barracks do not involve very complicated construction problems. Building a barracks is far less complicated than building a hangar. Here we have a large number of barracks being constructed at Amarillo in a rush period of time.

PROGRESS IN DEVELOPING ECONOMICAL AND STANDARDIZED DESIGN FOR BARRACKS

Do you have any comment to make with respect to the work done up to January 1951, by the Corps of Engineers, on barracks design criteria?

General MYERS. Yes. Up to January 1951, as I remember it, primarily in anticipation of our second supplemental 1951 program—and that program was the first one in which we evolved our concept of 25- and 10-year-life-type barracks—the Corps of Engineers designed a barracks incorporating the room-type barracks. It originally had a total area of about 164 square feet per man. That is gross area per man. About the time we got that designed and started building it, we felt that it was overbuilt, the square feet per man, and we took steps on the 10-year barracks to take out about 40 square feet. We eliminated the storage space and made that into rooms so that we could put more people in them and cut down on the square footage per man. We cut out about 40 square feet.

We then embarked upon a new plan, a new design for barracks, to incorporate that idea in all of them. We then came up with what we

now have as our standard plan, which is about 127 square feet on the average. That is the present plan that we are building the 1952 program on.

We have a further study under way now, and we have just asked the Corps of Engineers to let a new contract to further improve that design, and we think we will get it down to about 120 square feet per man. Then there are some other features that we are incorporating in that.

Mr. DONNELLY. We have considerable data on Air Force and Army barracks to show the committee here, but let me ask you this general question: In the event an emergency were to arise and you were required to go out and build a large number of barracks again this year, or next year, have you reached such a standardization on barracks construction, and have you coordinated in such a way with the Corps of Engineers, that such barracks could be built quickly and yet more economically than the Amarillo barracks?

General MYERS. Yes, very definitely.

Mr. RILEY. In other words, if you were required to go out and build 119 barracks next month, could you avoid the situation that occurred in Amarillo where there was an overage of $20,000 per barracks building on the first contract as against the second one?

General MYERS. Our plans are better and more economical than the one that Amarillo was built under. What we could do as regards a negotiated contract—and I will have to ask General Hardin about this—

General HARDIN. In that connection, I think that it would depend again upon how much time you are trying to buy. I believe that was primarily the reason for the large disparity between the original contract which was negotiated and the later one which was advertised. That question is a little difficult to answer unless you say the same conditions apply as applied under the original operation. If they did, I am afraid that you might have to face again a large differential between the two end results.

Mr. DONNELLY. Have there been such discussions between the Air Force and the Corps of Engineers on barracks requirements and barracks design since this Amarillo construction, that if the problem were to arise now you could do a much better job, a more economical job?

General MYERS. We certainly have had a lot of discussions, and as I say, we are right now revising our plans. Our barracks that we would award right now are more economically designed, and under the same conditions we should get a lower bid price on them. Does that answer the question?

Mr. DONNELLY. I think it does. As I indicated, we do have considerable detail here on this barracks question.

General MYERS. In other words, the barracks we would advertise today under the same conditions is a cheaper barracks.

Mr. DONNELLY. It is a standardized design also, is it not?

General MYERS. Yes; and cheaper.

Mr. DONNELLY. So, if you had to do it again you would not have to go out and hire an outside architect-engineer to plan and design such a simple thing as a barracks? You have the plans and the designs and there has to be some agreement reached between the Air Force and the Corps of Engineers?

General MYERS. Oh, yes.

Mr. DONNELLY. You are in better shape today to meet an emergency situation that would necessitate the building of barracks?

General MYERS. Yes.

SPACE ALLOCATION IN AMARILLO BARRACKS

Mr. DONNELLY. I have a schedule that has been furnished by the Air Force which shows on these Amarillo barracks there were 192 involved with a capacity of 75 men. The total capacity of the building is shown here, thirteen-thousand-odd. The actual occupancy is a little less than one-half in the Amarillo barracks involved in this expedited construction.

Mr. Chairman, I ask that this schedule be inserted in the record at this point.

Mr. RILEY. Without objection.

(The schedule is as follows:)

New airmen's dormitories

1952 date	Station	Completed number of buildings and capacity	Buildings, total capacity	Actual occupancy	Average men per room		Remarks
					Actual	At 72 square feet each	
Mar. 1	Andrews	8; 75	600	546	2.44	2.72	Cannot fill with full units.
Mar. 25	Great Falls	7; 75	525	540	2.75	2.72	
Do	Griffiss	None					Normal construction.
Mar. 15	Kirtland	7; 75	525	780	3.97	2.72	4 men in most rooms.
Do	O'Hare	14; 85	1,190	712	1.59	2.78	New unit (400 men) June 1952.
Mar. 25	Oscoda	1; 75	75	77	2.75	2.72	
Mar. 19	McGee Tyson	3 at 85 [1]					
Mar. 25	Youngstown	None					
Do	Suffolk County	None					
Do	Niagara	None					
Do	Greater Pittsburgh	None					
Mar. 20	Duluth	4 at 85 [2]					
Mar. 25	Larson	None					3 buildings under construction.
Do	Paine	3; 72	216	36	.38	2.72	108 airmen on Apr. 20, balance July 1.
Mar. 26	Kelley	4; 75	300	300	2.72	2.72	
Mar. 1	Carswell	5; 75	375	347	2.48	2.72	
Do	Castle	1; 75	75	84	3.00	2.72	
Do	Fairchild	1; 525	525	450	2.30	2.72	
Do	Gray	4; 75	300	176	1.57	2.72	Extra spaces for special mission transients.
Do	Limestone	None					1 500 man building, 99 percent constructed.
Do	Lake Charles	10; 75	750	796	2.84	2.72	
Do	Rapid City	17; 75	1,275	1,369	2.90	2.72	
Do	Travis	17; 75	1,275	1,480	3.10	2.72	
Do	Westover	None					
Do	Offutt	1; 216	216	216	2.00	2.00	SAC barracks.
Mar. 20	Wichita	28; 75	2,100	1,893	2.42	2.72	Extra space used for other purposes for which facilities not built.
Do	Pinecastle	14; 75	1,050	65	.16	2.72	Base not active; no airplanes.
Do	Big Spring	18; 85	1,530	1,512	2.64	2.78	
Do	Amarillo	192½; 75	13,737	6,592	1.22	2.72	Extra spaces used for other purposes. Many vacant rooms.
Do	Chanute	24; 75	1,800	3,072	4.54	2.72	Overcrowded.
Do	Keesler	13; 114	1,482	1,470	2.78	2.72	
Do	Lackland	36; 114	4,104	4,032	2.66	2.72	
		101; 75	7,575	7,182	2.53	2.72	
		21 and 28	588	612	1.04	1.00	OCS housed—1 to a room.
Do	Scott	None					
Do	Sheppard	None					
Do	McGuire	None					

[1] Completed except utilities—not occupied.
[2] Completed except for utilities. Frost in ground prevents completion.

Mr. DONNELLY. With regard to the number of men per room, we have shown here that, as of March 20, 1952, 10 days ago, there were 1.22 men per room in these barracks at Amarillo, and that is considerably less than the provision by the Munitions Board based on square foot area per man of 72, which would work out to be 2.72 men per room.

EFFECT OF CUT-BACK IN TRAINING PROGRAM UPON SPACE AVAILABILITY AT AMARILLO

The explanation shown here is that extra space is used for other purposes. There are many vacant rooms. As I understand, this failure to occupy the barracks at Amarillo is related in some way to the change in the training program that you have indicated.

General DISOSWAY. That is correct.

Mr. DONNELLY. As I followed your figures, the plan had been for 1,200,000 men and you were cut back to 900,000 men?

General DISOSWAY. It was planned at the end of this year to have 1,061,000, and it has been reduced to 973,000.

Mr. DONNELLY. That is 90,000 men.

General DISOSWAY. Yes. Those figures are all correct that you have there. The cut-back came in November. Actually, under the present program, and through 1953 with the reduced manning that we are going to have, Amarillo will not be 100 percent used against the maximum figure that you have here.

OTHER EXPEDITED CONTRACTS AT AMARILLO

Mr. DONNELLY. To complete the Amarillo story, I have a summary here of some of the other buildings that were involved.

For example, we have two administration/mess-hall buildings on a negotiated contract, at $495,000 per building, and then a short while later we had a more orderly type of contract award, and the low bid there was $351,832 per building, or 30 percent less.

I would like to put this summary sheet in the record.

Mr. RILEY. Without objection, it will be inserted in the record.

(The summary sheet referred to is as follows:)

OTHER EXPEDITED CONTRACTS AT AMARILLO AIR FORCE BASE

Another contract awarded on a hastily prepared and negotiated basis to meet an early beneficial occupancy and completion date at this base, as requested by the Air Force, is for the construction of two mess-hall / administration buildings of 1,000-man capacity each. This action to expedite was taken as a result of the request of the Air Force that the buildings be ready for use by June 15, 1951. The corps states that, because sufficiently complete plans and specifications were not available and could not be made available in time to meet this completion date, it was determined that a negotiated contract instituted by means of a letter order was the most practical solution. Although the construction directive was issued on January 25, 1951, the Air Force did not advise the corps until March 21, 1951, that the units would be required for use by June 15, 1951.

A letter contract was issued by the corps to the contractor, contract No. 1907, dated March 23, 1951, prior to the completion of plans and specifications, without formal bidding and without competition. The formal contract of the same number and date was executed in the amount of $990,000, or $495,000 per building.

Subsequently, on May 7, 1951, the corps advertised for bids for the construction of eleven mess-hall / administration buildings identical to those under contract No. 1907 mentioned above. Plans and specifications were available to contractors and a bidding period of 23 days was allowed. Competitive bidding

ensued, with four contractors submitting proposals. The same contractor who has contract No. 1907 was the low bidder and was awarded contract No. 1990 dated May 31, 1951. The two buildings constructed under contract No. 1907, if based on the amount bid per building by the same contractor under contract No. 1990, would have cost $703,664, or $286,336 (30 percent) less than the contract amount established under the noncompetitive, hastily awarded and expedited contract No. 1907.

Other contracts at this location, particularly contract No. 1974, for the rehabilitation of warehouses, cold-storage plant, etc., in the amount of $1,131,404 and contract No. 1809 for hangar and training aids in the amount of $1,945,330 were arranged under similar conditions of hasty awards and expedited construction schedules with resultant additional costs to the Government.

With regard to these contracts at the Amarillo Air Force Base, it appears that the costly expediting was unnecessary. The Air Force, while requesting an early beneficial occupancy date, did not require the facilities by that time. As of August 15, 1951, the total Air Force personnel was less than 500, and it was stated that the base activities are not expected to expand greatly until January 1952.

Mr. RILEY. Is this all-wood construction?

General DISOSWAY. Yes; I think so. You have to have those mess halls along with the barracks.

Mr. DONNELLY. I have here some photographs of the barracks at Amarillo. These are photographs of the 10-year-life construction at Amarillo, and they appear to be of wooden construction.

General MYERS. It is wood frame with a mineral-surface siding. It is a short-life siding. We tried to save some money.

ADDITIONAL COST OF BOILER ROOMS UNDER EXPEDITED CONTRACT AT AMARILLO

Mr. DONNELLY. The investigator found at Amarillo an item which cost approximately $100,000 resulting from this hasty construction. It probably would be well to have this record show some concrete illustrations of these things that we have been talking about. On this business of hasty construction, we had at Amarillo, as shown here, the matter of boiler rooms. They were hastily designed, and after they were constructed they were found to be designed too small to get the boilers in.

I would like to put in just this paragraph, if I may, to show the result of hasty design in the cost thereof.

Mr. RILEY. Without objection.

(The matter referred to is as follows:)

AMARILLO AIR FORCE BASE, TEX.

Hasty design may be productive of errors. The rush in getting work under contract has prevented adequate checking of the plans and specifications. The correction of errors due to hasty designing proves to be very costly in some instances. For example, at the Amarillo Air Force Base, Tex., after construction was well underway, the boiler rooms in the mess buildings were found to be too small to allow the installation of boilers of the size permitted by the specifications. To correct this error, extensive remodeling was indicated to be necessary at a cost of approximately $100,000.

General MYERS. That is correct. I saw some of those myself. Also, they were not properly insulated. There was not enough insulation under the floor, which was over the boilers.

CONSTRUCTION OF SHORT-LIFE BUILDINGS AT AMARILLO

Mr. RILEY. Judging from this picture, these are built-up roofs, and the construction looks substantial enough to come back later, if funds are granted, and put on a more permanent type of siding and increase the life of the building; is that correct?

General MYERS. That is correct, Mr. Riley. The concept behind the 10-year-life construction was that we did not know how long the building up of our Armed Forces would last; we did not know when the war would come and be over, and we were trying to avoid the mistakes of the past in building the so-called tar-paper shacks of a very temporary life. At the same time, we did not want to build permanent construction. So, we adopted what we called a 10-year-life construction that has the basic structure of the building the same as our 25-year permanent-life building, but uses a less expensive siding, a shorter-lived roof, omits double thicknesses of flooring, omits facing of partitions on both sides, omits certain other interior seal and trim with the idea that if these buildings must be continued in use for a longer period of time, by the addition of a more permanent siding, such as asbestos shingles, or a more permanent roof, such as asbestos, and a completion of the interior seal and trim, and the completion of the partitions and putting in the second floor, we could bring them up to the equivalent of a 25-year-life construction. Also, they would have to be painted. We have omitted the painting of a great portion of these buildings.

Mr. FURCOLO. I realize the difficulty in trying to determine whether you should have a short-life building or not. There may be conditions that have a bearing. But, when you make the decision that you do, is that more or less your own, or do you make such a decision because someone in over-all authority passes the word down?

General MYERS. It was based on the over-all policy that came to us from the Munitions Board and the Office of the Secretary of Defense after extensive discussions on the subject with the Air Force, at our highest level, the Chief of Staff and the Secretary, and discussions with the Office of the Secretary of Defense, and our decision was in accordance with the policy thus promulgated.

CAUSE OF FAILURE IN PLANS TO PROVIDE ADEQUATE SPACE FOR BOILERS AT AMARILLO

Mr. DAVIS. Were the investigators able, Mr. Donnelly, so far as you know, to pinpoint the responsibility for this rather expensive error in connection with the plans and specifications at the Amarillo Air Force Base, with regard to the mess buildings?

Mr. DONNELLY. Is your question limited to the mess buildings, or does it go to the barracks buildings as well?

Mr. DAVIS. I was referring specifically to what appears to be a rather obvious error in the failure of the plans and specifications to provide adequate space for the boilers of the size permitted by the specifications.

Mr. DONNELLY. Mr. Davis, the explanation that the investigators got when they asked about that, and the other matters at Amarillo, was that the Air Force had delayed transmitting the master plan to the Corps of Engineers, with the result that there was not adequate time

to check the plans and specifications prior to the negotiation of the contracts; and at a later time, with respect to the second barracks contract, and the second mess-hall/administration contract, there was more time available, and the explanation of the error which you referred to is just that—hasty, inadequate construction and contract letting.

Mr. DAVIS. Who prepared such specifications as there were?

General MYERS. May I say something as to that? I cannot buy the explanation given by the investigators. It is true that the Air Force delayed the master plan, which is the lay-out of where the buildings should go. In fact, we have delayed on pretty nearly every base in that respect, not because we wanted to but we were doing it as fast as we could. That, however, has nothing to do with the design of the buildings themselves, which was done by the Corps of Engineers and is their complete responsibility. Do you check me on that?

General HARDIN. Yes. It would appear that this sort of error would be laid on the corps of Engineers. I would like to amplify this by adding something off the record, if you will permit me. I am not prepared to give an answer on this particular question.

Mr. RILEY. I suggest that we continue the discussion on this base tomorrow morning, and General, if you can get some additional information on that particular point, we will appreciate it.

FRIDAY, APRIL 4, 1952.

Mr. RILEY. The committee will be in order. Mr. Donnelly, you may proceed with the hearing.

Mr. DONNELLY. Mr. Chairman, Congressman Davis has further questions he would like to ask with respect to the construction at the Amarillo Air Force Base.

ADDITIONAL COST OF CHANGE OF PLANS FOR BOILER ROOM SPACE AT AMARILLO

Mr. DAVIS. I recall that the committee was to be furnished with some information which was not available to us yesterday. Do you have that information available at this time?

General HARDIN. Yes, Mr. Davis. The question was as to the need for extensive remodeling of certain boiler plant buildings at Amarillo Air Force Base. In looking into this I am told by our district engineer that the word "remodeling" is not an accurate description of the situation, in that no construction was performed, not even footings poured, by the time a change was made in the plans for the revision of the boiler-room facilities. Eleven boiler rooms were required in 11 buildings under the contract referred to. Plans had been prepared by an architect-engineer, and the size of the boiler room was based upon a boiler size which was not typical. When boilers were actually ordered for the installation, it was found that while these boilers could be installed in the space indicated on the plan there would be insufficient space for operating. The decision was therefore made to issue a change order to the contractor to increase the size of the boiler rooms to provide the necessary operating space.

The enlarged boiler-room space was also to include provisions for a toilet room, which was not included in the original design. The total cost of the change order for the 11 structures, which were combined mess and administration buildings, was $99,717. It was not a case of reconstructing or undoing something that had been done; it was a matter of a change order before the construction was undertaken.

Mr. DAVIS. It was actually caught before anything more than the foundation of the building had been laid?

General HARDIN. Not even the footings had been poured for this structure.

Mr. DAVIS. Was there any time lost in the actual construction as a result of this?

General HARDIN. No time was lost.

Mr. DAVIS. And $100,000 was the result of what?

General HARDIN. The $100,000 resulted from increasing the size of the structure and adding to the facility.

Mr. DAVIS. Did that mean an actual increase in the over-all size of the buildings?

General HARDIN. Well, the boiler room had to be increased in size in each one of these 11 buildings.

Mr. DAVIS. And other accommodations were decreased in order to account for that; or was the over-all size of the building increased?

General HARDIN. The over-all size of the buildings must have increased. I am certain of that.

General MYERS. General Hardin, the boiler rooms for some of these were in a basement, so it was an increase in the boiler room in a basement.

General HARDIN. But it was an increase in the size of the structure.

General MYERS. The size of the boiler-room structure; yes, sir.

Mr. DAVIS. We actually got more building then, so that it would not be quite proper to say that the $100,000 was wasted because of the failure to plan it properly in the first place?

General HARDIN. No, sir; I would not say so.

Mr. DAVIS. This change resulted in a different type of boiler than was originally contemplated; or was it just a mistake in planning properly for the kind of boiler that you intended in the first place?

General HARDIN. The kind of boiler which was considered by the architect-engineer to be used in this facility was found not to be what we call a typical boiler, which is open to competition by many bidders. For that reason, when procurement was initiated it was found that he had used a nontypical boiler for this facility and the room was designed to fit the nontypical boiler.

Mr. DAVIS. Would the nontypical boiler have done the job?

General HARDIN. I have nothing to indicate whether it would or would not have.

Mr. DAVIS. Do you know whether or not the nontypical type of boiler would have been available for installation if that original plan had been adhered to?

General HARDIN. No, sir; I do not have that. I can get it for you.

Mr. DAVIS. And I suppose, too, in order to get a comparison of the net over-all cost here, when you furnish that information will you also furnish information showing a comparison of cost of the nontypical type of boiler as you described it and the boiler that actually was installed? There were how many of those boilers, eleven?

General HARDIN. Eleven.

Mr. RILEY. If you will furnish that information, General?

General HARDIN. Yes, sir.

(NOTE.—The boiler rooms and other features of the Amarillo construction were discussed several times during the hearings. The index will show the other page references.)

CAMP PARKS AIR FORCE BASE, CALIF.

CONSTRUCTION OF BARRACKS, MESS HALLS, AND UTILITIES

Mr. DONNELLY. The next training base which required construction during the calendar year 1951 was Camp Parks Air Force Base in California. Mr. Chairman, I have here a summary which the investigative staff has prepared giving the facts as we know them. I should like to pass a copy of this around to the people at the table and ask that this summary be inserted in the record at this point.

Mr. RILEY. Without objection, it will be put in the record at this point.

(The matter referred to is as follows:)

CAMP PARKS AIR FORCE BASE, CALIF.

The San Francisco district of the corps received a directive for the design and construction of barracks, mess halls and utilities at Camp Parks Air Force Base, Calif., on May 7, 1951. Proposals were solicited for their construction only 5 days later. The three selected contractors submitted proposals 8 days after having been invited to do so by the corps. The next day, May 21, 1951, a "letter order" contract was awarded based upon the contractor's lump-sum proposal of $16,957,375. Subsequently, further negotiations were carried out with the contractor for additional quantities and items which were not included in the original proposal and on the basis of the new proposal of July 2, 1951, the negotiated amount was increased to $21,757,904.85, an increase of approximately $5,000,000. The contract is dated May 21, 1951, the date of the letter order contract.

With regard to this contract, the corps advised that the work was started under the letter order on the basis of incomplete drawings and a definitive contract was negotiated upon substantial completion of plans.

The contractor advised that his proposal was based upon working overtime in order to meet early completion dates. Construction delays have occurred because of the failure of the corps to supply shop drawings. On June 19, 1951, the contractor advised the corps by letter that claims would be made for extensions of time and extra costs. Other correspondence in the project files indicates a build-up by the contractor for such future claims.

The need for expedited construction is indicated by the manner in which this negotiated contract was rushed to award and by the overtime costs (which will probably be lost by reason of delays and time extensions). In this connection, it is noted that the Air Force requested these same facilities at Camp Kohler, Calif., with beneficial occupancy by May 1, 1951, but caused a stop order and abandonment of the development of the project at that location on February 26, 1951. The directive for the relocation of the facilities at Camp Parks was not issued until April 26 (received by district office May 7) or 2 months later.

Mr. DONNELLY. I would like to ask the Air Force witnesses a few questions with regard to the facts as stated here. First, is there any dispute with respect to these facts, from the standpoint of the Air Force or the Corps of Engineers?

General MYERS. With respect to the Air Force I believe the facts are correct. They are certainly correct that we issued directives and instructions for very early completion dates.

Camp Kohler was included in our program as a third indoctrination center, the others being Lackland and Shumaker at one time. We never wanted to utilize Camp Kohler and were searching for other places, including Camp Shumaker, which is now Camp Parks; Camp

Beale, which is up near Marysville, Calif.; Camp Elliott, which is a Navy station, and Santa Ana.

Finally, after rather lengthy negotiations, through the Munitions Board, Office of the Secretary of Defense, we obtained a portion of Camp Shumaker, which is a Navy installation, and substituted Camp Shumaker for Camp Kohler in our program. The need for the additional indoctrination center I think can be explained by General Disosway.

NEED FOR ADDITIONAL INDOCTRINATION CENTER

General DISOSWAY. As I explained before, we were faced with the problem of bringing these people in and having only one station to bring them into. So we wanted to get both Sampson and the one on the west coast, in being as soon as possible, so that we could start processing the people into the Air Force to meet the troop strength that we were directed to obtain.

General MYERS. The committee will remember the publicity on Lackland and will remember the overcrowding down there, living in tents.

General DISOSWAY. So we had to get someplace else and we told them to get these as fast as possible. Now, of course, the situation has changed considerably since all this construction was started and now the program has slipped.

QUESTION AS TO COOPERATION AND COORDINATION WITH CORPS OF ENGINEERS IN OBLIGATION OF FUNDS FOR CAMP PARKS

Mr. DONNELLY. Recognizing and even conceding the crowded conditions at Lackland, Tex., and conceding further the fact that expansion at these training facilities was urgently necessary, I would like to ask the Air Force whether the Corps of Engineers, as the construction service, was actually given as much cooperation from the Air Force in the matter of the obligation and expenditure of some $21 million for Camp Parks in 1951, as they should have received?

I might point out, as this summary shows, the stop-work order was issued for Camp Kohler on February 26, 1951 (that is in the last paragraph) and the directive of the Air Force for the relocation of these facilities at Camp Parks was delayed for 2 months; that is April 26, and received by the Corps of Engineers, San Francisco District Office, on May 7. That left the Corps of Engineers an inordinately short period of time within which to obligate this tremendous sum of money, as shown in the first paragraph, some 13 days between the time that the corps asked contractors for their proposals and the award of this letter order contract.

Does the Air Force wish to comment on whether their coordination and cooperation with the corps was as good as it should have been?

General MYERS. I think that we have coordinated and cooperated with the corps as much as we possibly could in this program. As regards the time, the delay between the time that we canceled the directive on Kohler and got the directive on Shumaker out to the corps, that time was consumed in making negotiations with the Navy as to what part of Camp Shumaker we would be able to utilize, in certain negotiations with them on the use of the existing utilities

there, and in preparing the master plan for the base, which must be prepared before any construction can begin, and the siting. About 2 months is indicated there, which is a very short period of time to prepare a master plan and the siting, to any reasonable degree of accuracy.

In fact, I am surprised that we were able to do as well as we did at Camp Parks. We had an officer on the job out there, who was a project officer, to expedite that to the maximum extent and he certainly surprised me in being able to get this work done in the time that he did, so that we could give a directive to the Corps of Engineers that made any sense.

REASON FOR ABANDONMENT OF CAMP KOHLER

Mr. RILEY. Why was Kohler abandoned, General?

General MYERS. Primarily because it is located up at McClellan, near Sacramento, which is about 50 or 60 miles from the port. That, and the fact that Camp Kohler is nothing but a piece of land and we did have some facilities at Shumaker.

Mr. RILEY. There were no facilities at Kohler?

General MYERS. Nothing—I should not say that, no. I visited Kohler early when this was going on. There was an old laundry there, some underground utilities, a few warehouses, as I remember.

EXPENDITURES AT CAMP KOHLER PRIOR TO ABANDONMENT

Mr. RILEY. Was any money spent on Kohler before you changed to Shumaker?

General MYERS. No, sir; no money was spent on it, unless the Engineers spent some money in planning on it.

Mr. DONNELLY. I should like to make the suggestion that our records show that the Corps of Engineers spent $75,000 on the plan at Camp Kohler; $48,000 for architectural services; $16,000 for a topographic survey and about $11,000 as the cost of overhead, and miscellaneous costs. There was no permanent construction or actual commencement of construction?

General MYERS. No.

Mr. RILEY. It did cost about $75,000 before you started on Shumaker?

General MYERS. Yes, sir. We never wanted to use Kohler as I said before. A considerable time before this I went out and looked at Camp Shumaker and we knew it was a much better site, but we were unable to get it. The indicated saving by shifting from Kohler to Shumaker is the difference between about $84 million at Kohler and $63 million at Shumaker.

COORDINATION WITH CORPS OF ENGINEERS IN PLANNING FOR CONSTRUCTION AT CAMP PARKS

Mr. DONNELLY. General, let us concede for the purpose of the discussion that the Air Force did an efficient job in the 60-day period between February 26 and April 26 in drawing a master plan and siting. Can you tell the committee whether the Air Force during that 60-day period, recognizing that there would be a tremendous

construction operation at Camp Parks, broached the matter with the Corps of Engineers, either here in Washington or out in the Corps of Engineers Office in San Francisco, so that they would be advised and would be able to make suggestions, and help?

General MYERS. We definitely did. The Corps was fully aware of it here in Washington and out in the field—of the change, before the change ever took place, and what we were doing in order to master-plan and site it.

Mr. DONNELLY. To what extent did the Corps of Engineers representatives have the opportunity to participate in the preparation of the master plan for Camp Parks during that period?

General MYERS. I do not know. Do you know, General Hardin, whether you prepared that plan for us or whether we had a separate one or not?

General HARDIN. No, I do not know.

General MYERS. I know that they were thoroughly aware of it. I will have to check this, but I believe that the contract for that planning was actually let by the Corps of Engineers, but I would like to check that for the record.

Mr. DONNELLY. When did the Air Force commence negotiations with the Navy for Camp Shumaker?

General DISOSWAY. I believe they started to negotiate with the Navy for Shumaker at the same time that we did Sampson, or shortly thereafter, did they not?

General MYERS. It was after that.

COORDINATION WITH CORPS OF ENGINEERS IN PLANNING PRIOR TO LETTING OF CONTRACTS

Mr. DONNELLY. Just by way of a quick recapitulation here on the impact of this training change we have here, Mr. Chairman, at Amarillo there was spent $15 million approximately in a very concentrated period; at Camp Parks, $21 million, spent at the same time and with the same haste; at Sampson Air Force Base in New York approximately $25 million, at about the same time. All of these in effect were running on a cost-plus-fixed-fee basis. The Amarillo contracts, the first ones, were negotiated. The Sampson contracts were I think cost-plus-fixed-fee, when they were analyzed, and then at Camp Parks, as you can see here, there was a $17 million contract awarded in 13 days. The amount of money involved assumes rather large proportions. So that this question of the coordination between the Air Force and the Corps of Engineers in planning this before these contracts were let I think is important.

Can we spell out how much coordination and cooperation there was?

General MYERS. Yes, sir. In general terms I can. We had Colonel Barnett, the Air Force installation representative at San Francisco—he had and has a small staff—right in the division office, the Corps of Engineers division office, working every day with the division and the districts. The districts shifted—is not that right, General Hardin—at that time—the San Francisco District and the Sacramento District? Was there not a shift there?

General HARDIN. I do not recall.

General MYERS. I am not sure on that point. But he was working right in the division office and in the district office that was handling this work daily, with the people who were to do the job in the Corps of Engineers. It was a daily, everyday, coordinated action.

(General Myers subsequently supplied the following memorandum:)

The following chronological dates were extracted from Colonel Barnett's file, and our files, regarding the establishment of Parks Air Force Base, in lieu of Kohler as the West Coast Indoctrination Training Center:

February 26, 1951: Shumaker (Parks) replaced Kohler in the construction program.

February 27, 1951: USAF to OCE, suspend operations at Camp Kohler and initiate a survey of Parks.

February 27, 1951: OCE advised the South Pacific Division, by telephone, that a survey should be undertaken immediately together with representatives of the Training Command and the installations representative, to determine the feasibility of developing Camp Parks in lieu of Camp Kohler. This survey should include the corresponding cost of developing each of the two bases. No deadline was set, but it was indicated that this information was urgently needed and should be supplied as soon as possible.

March 1, 1951: TWX South Pacific Division to the San Francisco District. Retain the services of Headman-Ferguson & Corollo as architect engineers in the development of this master plan, since this firm had been selected for development of Camp Kohler.

March 2, 1951: A conference was held between the architect engineer and district engineer.

March 3, 1951: This is the date of the Munitions Board's directive to the Navy Department regarding the transfer of this Navy facility to the Air Force.

March 5, 1951: Commandant of the Twelfth Naval District to Under Secretary of the Navy, Air Force, OCE and architect engineer's representative visited him regarding Parks Air Force Base. At that time, it was tentatively agreed which areas would be released and which areas would be retained by the Navy.

March 6, 1951: Twining to CNO, requesting conference to fix boundaries.

March 7, 1951: A comparative cost of Kohler versus Shumaker was furnished the division engineer by the district engineer.

March 8, 1951: Architect engineer to district engineer requested a complete building list of all facilities.

March 12, 1951: The comparative cost of Camp Kohler versus Shumaker was transmitted to OCE by the division engineer.

March 13, 1951: Secretary of the Air Force to Secretary of the Navy requesting formal transfer of Parks to Air Force. Secretary of the Navy to Secretary of the Air Force advised that the survey developed that areas to be transferred did not coincide with areas originally agreed upon. Secretary of the Navy suggested a conference and appointed Admiral Thurber as his representative. On March 16, Secretary of the Air Force appointed General Timberlake as the Air Force representative.

March 21, 1951: Secretary of the Navy to Secretary of the Air Force, approval of transfer; delineating boundaries to be transferred.

March 23, 1951: The comparative cost of Camp Kohler versus Shumaker was transmitted to the Air Force by OCE.

March 26, 1951: General Timberlake to General Wolfe with copies to all other members of the Installations Board in which the definite recommendations for use of Camp Parks, in lieu of Camp Kohler, was made.

March 27, 1951. A complete list of facilities was transmitted to the Air Force representative by Training Command to be furnished to the architect engineer.

April 6, 1951: Air Force to OCE, Camp Parks would be used and complete information would be forwarded within a week or 10 days.

April 16, 1951: The South Pacific Division advised the San Francisco District of advice received from OCE to the effect that the Air Force would utilize Camp Parks. In this communication from the South Pacific Division to the district engineer, the formal advice from the Air Force was quoted.

April 25, 1951: The architect engineer to the Twelfth Naval District in San Francisco requested all plans of existing facilities at Camp Parks, particularly the utilities plans.

April 26, 1951: A formal design directive was issued to OCE by USAF regarding construction.

PREPARATION OF MASTER PLAN FOR CAMP PARKS

Mr. DONNELLY. General Myers, with respect to this business of the preparation of the master plan for Camp Parks, for example, which turned out to be a $21-million negotiated contract, did the

Corps of Engineers either here in Washington or in its division or district office on the west coast participate actively in the drawing of the new master plan?

General MYERS. I would say in general that they did not participate actively in the drawing of the master plan. That was and is a function of the Air Force, to plan its own bases. I can assure you that they were kept fully aware of the status of it and advised from time to time what the plan was.

(NOTE.—For further testimony on this matter, see p. 104.)

FAILURE OF AIR FORCE TO GIVE CORPS OF ENGINEERS OPPORTUNITY TO FIRM UP PLANS AND SPECIFICATIONS

Mr. DONNELLY. I believe we will find, as we go through these projects one by one, that the Corps of Engineers were in the dark on the matter of what was authorized by the Air Force until a definitive date which became known as the date of design authorization, and up to that time the Corps of Engineers did not have any opportunity to make definitive plans of its own.

(NOTE.—For further testimony on this matter see, p. 106.)

As I understand, the Corps of Engineers is the construction service for the Air Force?

General MYERS. That is right.

Mr. DONNELLY. And as I understand further from Secretary Finletter, that arrangement will continue as far as the Air Force is concerned; that is, the Corps of Engineers will continue to be the construction service. Is that your understanding, General?

General MYERS. Yes, sir; that is right.

POSSIBLE SAVINGS THROUGH CLOSER COORDINATION WITH CORPS OF ENGINEERS

Mr. DONNELLY. Now, we have here $61 million on these three projects spent less than a year ago and I believe some of these expenditures are still under way. Can you tell us whether any or a substantial part of this $61 million could have been saved by a closer coordination between the Air Force and the Corps of Engineers, or whether every dollar spent here was necessarily spent?

General MYERS. I do not think we could have any closer coordination with the Corps of Engineers than we now have. The 1951 programs as soon as we knew them were transmitted to the Corps of Engineers—the design directives on the 1951 programs—it has been so and will be so on all subsequent ones, are transmitted to the Corps of Engineers just as soon as we can give them a program, as soon as we know what it is.

I think we can give you the dates on which the directives were issued on these bases.

As to whether or not the money could have been spent more efficiently, there is no question that, in retrospect, if we had not been in this big rush, we could have saved considerable money by doing it by normal methods.

Mr. DONNELLY. Do the members of the committee have any questions on Camp Parks?

REASON FOR LIMITED NUMBER OF SELECTED CONTRACTORS FOR CAMP PARKS

Mr. FURCOLO. This may have been answered while I was out answering a roll call, but with reference to Camp Parks, the fourth sentence in this mimeographed summary that you have before you, refers to three selected contractors. It may well be that there were only three who were in a position to handle the job. I am interested in knowing what the reason was, if any, for limiting it to three.

I would also like to know how big those three contractors were. And I would like to ask you whether there was any objection on the part of other contractors in the area, or elsewhere, because they had not been invited to participate. Have you covered that?

General MYERS. No, sir. General Hardin, can you answer that?

General HARDIN. I regret that I do not have that information, Mr. Congressman. I can get it.

Mr. FURCOLO. If you will submit that later, I would appreciate it.

General HARDIN. Yes, sir.

(The information requested may be found on p. 384.)

Mr. FURCOLO. In general, is it your policy to open these bids to as many contractors as possible?

General HARDIN. In this particular situation I think there was a negotiated contract which, by the very term "negotiated" means that the procedure involves selecting what we think is a reasonable group of competent firms.

Mr. FURCOLO. That is right.

General HARDIN. It does not mean opening it up to everyone who may choose to bid; because of the time element involved, we do not go through the procedure of posting notices and allowing people to read it in the journals, for instance, as we do in our formally advertised procedures. For that reason there is a restricted group that are aware of the negotiations. As a matter of fact, they are invited to submit a proposal.

Mr. FURCOLO. I understand in general the necessity for having a selection when you have a negotiated bid. I also understand, if there were 10 or 15 who were equally qualified contractors in the area undoubtedly there would have been invitations issued to 10 or 15 instead of three. What I am getting at is this. I think it was at Sampson, for example, where the method by which the contractors were invited to bid was not good apparently. I think the report of some committee that investigated it was that it was done in an extremely haphazard manner, that it resulted in many contractors being left out in the cold, contractors who may or may not have been able to do the job. I do not know enough about it to know. But it was said that that method by which these invitations were issued did not meet with a very good response among the contractors who were left out.

I realize that apparently there was need for great haste in this particular case. But I would like to have indicated, when you submit your answer, whether or not it differed in any way from the normal procedure, and if so why, in order that we may have an answer to the question I asked as to why there were just a certain number invited.

General HARDIN. I will furnish that for the record.

Mr. FURCOLO. That was the only question I had on Camp Parks at this time.

(The information may be found on p. 384.)

General MYERS. I would like to furnish something for the record, too. I do not remember these dates, but I would like to furnish the dates for the record. We obtained approval of the go-ahead on Camp Parks from the committees of Congress prior to the authorization. That was in the fourth supplemental, prior to an authorization which was subsequently made. We were, of course, stopped from going ahead with Camp Parks until we obtained those final approvals. I would like to furnish the committee the dates when we submitted the matter to the Congress and when we finally got approval. There was a peculiar situation on that. That was in the fourth supplemental.

(The information may be found on p. 33.)

POLICY DETERMINATIONS AND PROCEDURE IN THE PROGRAMING, SELECTION, PLANNING, AND CONSTRUCTION OF AIR FORCE INSTALLATIONS

Mr. FURCOLO. Mr. Chairman, somewhere in the record I should like to ask an over-all question. I do not know whether you want it at this point or not, but I would like to get the information. If there is no objection, I would like to ask the question now, and we can take it up later, if you do not want to have it discussed now.

I would like to know in general beginning from the very first step, and going forward step by step, in the ordinary contract for an ordinary job which involves building, who initiates it? Who is first told to start it? What steps are then taken?

In other words, I assume that someone at a higher level sends word down perhaps to you, General Myers, that they are going to have three Air Force installations built at these locations. Then from that point you probably get things rolling. There are certain steps that you or someone else takes and eventually work is begun.

I would like to have traced out in the record if it can be done without violating security—and I do not see how it could violate it—that pattern, so that we can determine in any particular case whether or not all the steps that should be taken were taken; whether or not perhaps there can be some simplification recommended of those steps, whether or not there are weaknesses in that channel of procedure.

I would also like to have indicated somewhere, where decisions can or cannot be made. In general in your opening statement you indicated that there were some decisions that could not be made in the field but only could be made at the top level. You did not amplify as to what sort of decisions they would be. I had assumed that it probably was a general over-all policy decision, and that the man in the field would have to have a certain amount of discretion.

Do you understand in general what I am driving at?

General MYERS. Yes, sir.

Mr. FURCOLO. I would like to have that information at some time, not necessarily now. I would like to know what is the general procedure, so that I may be in a position to see whether or not there is some weakness somewhere.

General MYERS. I can trace that through now in almost any detail that you want.

Mr. RILEY. Suppose you proceed and put it in the record now.

General MYERS. The size of the Air Force and of the other services—the size of the Military Establishment is determined by the Joints Chiefs of Staff initially.

I would like to get General Disosway to correct me as I go along if I say anything that he thinks is not correct.

The Joint Chiefs of Staff determine the size and the composition of the forces of the three services required from time to time to meet an emergency plan. Those forces have to be approved by the Office of the Secretary of Defense, by the Secretary of Defense and the President. Once that approval is obtained on an over-all force composition, it is sent from the Joint Chiefs of Staff to the three services for implementation and programing.

In the Air Force, it having gone through the top level people, it gets to the assistant of programing in the Office of Deputy Chief of Staff, Operations, and he must come up then with a force composition to meet the plan. In other words, he must develop and obtain approval of the numbers and the types of units required within that directive from the Joint Chiefs of Staff to meet the mission.

He then prepares what he calls programing data, and that includes, of course, planning of these units and aircraft programs; the aircraft requirements and the base requirements. The manpower requirements, of course, are sent to the Director of Manpower Organization for implementation. The aircraft procurement and related procurement is sent to the Deputy Chief of Staff, material for implementation and development of the program. The base program is sent to the Deputy Chief of Staff, Operations, in which the Director of Installations is located, and also in which the Director of Operations is located, and the Director of Plans.

The three of those directorates—plans, operations, and installations—working together have to develop first of all a base utilization program; in other words, based on the units to be activated by type, the Director of Plans in accordance with the war plan, decides what bases shall go and in what areas; decides what areas should have bases and for what purpose.

The Director of Operations then, with that over-all determination world wide, selects bases that are best suited to meet that over-all geographical deployment. That is a long and tedious process and involves very costly work by the Director of Installations in furnishing technical information as to construction costs and construction feasibility in the areas, and at the particular locations, and the selection of bases is a cut and tried process involving a lot of people working closely together. In order to do that we actually have to form working committees representing the Director of Operations and the Director of Installations, and there has been established an Installations Board which has representatives from all the interested segments of the Air Force.

General Timberlake has recently been set up as Assistant Deputy Chief of Staff, Operations, for air base matters, and his job is to coordinate all these actions that are required by the Deputy Chief of Staff, Operations, and he also is president of this Installations Board on which we have the Director of Operations, General Ramey, the Director of Installations, myself; the Director of the Budget, General Asensio; the Director of Requirements from the Deputy Chief of Staff, Development; the Director of Training, General Disosway; the

Assistant for Logistics Plans, Deputy Chief of Staff, Matériel; the Assistant for Programing in the Office of the Deputy Chief of Staff, Operations; and I believe that is all.

Mr. FURCOLO. As a practical matter, the responsibility for the selection of the spot where a base will be is in that installations board?

General MYERS. It is in that installations board.

Mr. FURCOLO. As a matter of fact, while perhaps not officially, that installations board acts upon the recommendation of whom?

General MYERS. It acts upon the recommendation of the Director of Operations who has a division for air bases, whose sole job is the selection of the bases. He is the man that I work with very closely in selecting the bases. The recommended base utilization program is presented to the installations board which considers it in great detail and then presents the program to the Air Council, which is composed of the Vice Chief of Staff and all the Deputy Chiefs of Staff, and that is presented in detail to them and it actually results again in somewhat of a cut and dry thing, because there will be a program of which there will be no question about, and then there will be bases on which there are questions about, and they will want more information and we will have to work out more information, like this Camp Parks deal.

The installations board directed that studies of other bases than Koehler be made, and that was a cut and dry proposition. Once we get a base utilization program, that is turned over to the director of installations then to prepare the construction budget to support it.

Mr. FURCOLO. Once you have the base and you know what you are going to use it for, then the matter of construction is turned over to whom?

General MYERS. To me, to the Director of Installations.

Mr. FURCOLO. To you as the Director of Installations?

General MYERS. That is right.

Mr. FURCOLO. What do you then do? I assume ultimately you have the nominal responsibility for whatever happens there, but as a practical matter you cannot be watching every single thing in the country and you, I assume, give some of the orders, or turn over most of the managerial part of it to someone else. What do you do when you have that?

General MYERS. When we get that, we then go to the manpower and organization people to get the strength. We have to know the base, what its use is, the units that are going on it, and we have to know the strengths of those units. We have to know the aircraft in those units, the equipment and everything else that goes with it. In other words, we have to have full information on what the base is to be used for, and full information on the people and equipment. We have to get that information.

Mr. FURCOLO. When once you are told that, whether you agree or do not agree that they may or may not be able to provide what they tell you they are going to provide for that base, do you actually have any discretion or authority about it one way or the other, or is it your responsibility to go ahead with what they have told you to do even though you may feel that they are not going to be able to carry out their part of it as far as providing the men or the aircraft is concerned?

General MYERS. Well, the activation dates of the units are also specified, and the time the base is to be needed, and before we reach

that stage the programing of the men, planes and bases is brought into consonance; in other words, whether or not we can achieve the bases in time for the airplanes and the men, and whether the airplanes and the men can be obtained at the time that the bases are ready. That is a preliminary step at the beginning of the program.

Mr. FURCOLO. I understand that, but what I am driving at is this: Somebody says to you, I assume, "We are going to have 10,000 men and 500 airplanes for that base. We will have them ready by July 15. We want the base ready by July 15." Let us assume for the sake of my question that you, yourself, do not feel that they are going to have those men ready and those airplanes ready by July 15. Do you have anything at all to say about it, or do you just have to go ahead and do your best to have the base ready by July 15 regardless of what your own opinion may be?

General MYERS. That is not my business, to know whether the men and the planes will be available on time.

Mr. FURCOLO. Fair enough.

General MYERS. That is other people's business.

Mr. FURCOLO. If eventually there should be facts developed that indicate that sometimes your department has gone ahead in building the base and that the men and the planes are not ready for it, and we want to know why you continue to build the base, your answer is that you have no say about that; that your business is to build a base and it is someone else's business to have the men and the planes ready?

General MYERS. That is right.

Mr. FURCOLO. So, if the committee wants to find out why they were not ready, you can say, "It is not me; it is someone else"?

General MYERS. That is right.

On the other hand, if there are slippages in the program, there are other people in the staff who will come to me and say, "We are not going to have these," and that has happened, "We are not going to have these men. We had better stop this construction," and that is what actually happened.

Mr. FURCOLO. That is another thing we want to find out about.

General MYERS. That is what actually happened.

I have all these data on these bases. We must prepare a construction program to support it. We have prepared the criteria as to the facilities required for each type of wing and unit. With the criteria as a guide, and with the budgeting data available; in other words, any limitations on the funds available, we proceed to get submissions from the major commands of their requirements, and they submit their requirements. We screen them very carefully and rescreen them many, many times, usually to try to get within a budget figure and to phase the construction in accordance with what funds we might be able to get.

Mr. FURCOLO. Eventually, for example, you decide that you are going to build a barracks to house 500 men at a certain place. What do you do then?

General MYERS. We prepare the construction program and we make up a program for each base, and we put the 500-man barracks in there. We obtain the estimated cost from the Corps of Engineers, price it out, and make up a program which we then take back to the Installations Board for approval.

Mr. FURCOLO. At that stage of the program you in effect consult with the Corps of Engineers and say that you want to get a barracks at such and such a place for 500 men. You make up plans giving the estimated cost and return it to us and we will then submit it to someone else?

General MYERS. No, sir. We have previously prepared standard plans on many, many structures. They are in existence. We know what plans we use. In others, where we do not have the standard plans, or it is a new type of facility, we have to make an estimate, or the Corps of Engineers has to make an estimate on the information we can give them on the type of facility—how much that will cost per square foot or per square yard, or whatever the unit cost is, and we use these estimated costs that we obtain from the Engineers which they obtain by experience and by the information we are able to give them what we are going to build to put into the budget.

Mr. FURCOLO. Do you, General Hardin, agree with that up to that point?

General HARDIN. I agree.

Mr. FURCOLO. I want to know this: Assuming there is some difference between your department, General Myers, and the Engineers in this sense—suppose that the Engineers say, "Well, you would be better off to have this type of barracks instead of the type that you have submitted," who has the final say-so?

General MYERS. The Air Force does.

Mr. FURCOLO. That would be your department?

General MYERS. That is right. We think that the Engineers have the responsibility of telling us when they think we are making a mistake, but we reserve the right to make the final decision, and do.

Mr. FURCOLO. Do you agree with that, General Hardin?

General HARDIN. As a broad statement; yes, I do agree.

Mr. FURCOLO. So the Engineers then return to you their estimate, or whatever it may be, and you decide that you are going ahead. What is the next step?

General MYERS. We make up this construction program. We submit it to the Installations Board for approval, and again there is a lot of cut and try.

Mr. FURCOLO. Let us assume that they approve it.

General MYERS. After many steps, because usually the program is more than the budget will allow, so there is an awful lot of changing criteria and deleting and cutting and trying, so we finally get a construction program approved by the Installations Board. It is approved by the Policy Council again, the Chief of Staff and the Secretary, and it is submitted to the Office of the Secretary of Defense along with an authorization bill, and then it goes through the congressional procedures.

Mr. FURCOLO. Eventually it comes back to you approved, and then you are going to go ahead; is that right?

General MYERS. Yes.

Mr. FURCOLO. What do you do?

General MYERS. At that point we have an approved construction program. Now, I had a chart over here, but prior to getting that, at the stage where we submit the program approved by the Bureau of the Budget and the Office of the Secretary of Defense to Congress,

when we reach that stage, we then issue an advance planning directive upon it to the Corps of Engineers. That is ideal. We have not been able to quite accomplish that in all cases, but in the normal procedure that is what we do. Prior to its having congressional approval, we issue design directives on the program, and in the past we have issued them only on that portion of the program at that time, which was to be funded. The Engineers then go ahead with the design of the facilities on the base concurrently with that, and possibly prior to that, we must have a plan for the base, a master plan, and lay-out for the base, so that when the Engineers decide the facilities can be sited on the base and when we get the money from Congress they can then award a contract.

Mr. FURCOLO. Let us get to a situation where all that has been done—you have your money and everything else, and you now want to get the shovel in the earth and you want to immediately begin doing the work. What do you do? Who selects who is going to do that?

General MYERS. Well, by our agreement the Corps of Engineers does all of our contract design and construction except for such items as we mutually agree could be better accomplished by other agencies, and we do certain of the construction ourselves by contract that we let outselves on special types of facilities, particularly those technical facilities under the Air Matériel Command. The Navy does a small part of our work where they are better located on the ground to have a contractor such as at Guam.

Mr. FURCOLO. Except for that type of case, in general, at that stage of the game it is turned over to the Army engineers?

General MYERS. Yes. We first issue them this design directive telling them what to design, and then when we get the money—and, of course, we like to prepare ahead of time—we issue them a construction directive telling them exactly what to build, and of course we have to cite the funds and get the funds to them.

Mr. FURCOLO. From that point on the type of building that is erected, as far as it conforms to specifications, and being of certain material and things of that kind, is the responsibility of the Army engineers?

General MYERS. Not completely, sir.

Mr. FURCOLO. Who else?

General MYERS. On the Air Force also. We have certain standard plans, as I have said. Then there are other cases where we do not have standard plans and the design has to be developed. That design is developed, based on the criteria we furnish to the Corps of Engineers, normally by the hiring of architect-engineers, and they reach a stage in their design which we call a preliminary design. We look at that and approve that preliminary design to be sure that it meets our requirements, and we also try to make sure that it is not designed beyond our requirements. We approve that then before the Corps of Engineers go ahead, and that approval is done in the field by our Air Force installations representative, except for cases that have to be referred in for decision to us at headquarters. The Engineers then go ahead and complete the contract plan and specifications and award a contract.

SELECTION OF CONTRACTORS FOR CAMP PARKS BY THE CORPS OF ENGINEERS

Mr. FURCOLO. This is the last question I have and it is in connection with the Camp Parks Air Force Base. As I understand it, as to who selected the three contractors, or the method by which they were selected, that apparently would be the Army engineers.

General HARDIN. Yes; that would be our responsibility.

Mr. FURCOLO. Is that a situation where that would be completely within your discretion, or would you have to get nominal approval from the Air Force at that time?

General HARDIN. No, we do not get any approval from the Air Force on the construction contract.

QUALITY AND SPEED OF CONSTRUCTION UNDER LETTER CONTRACTS

Mr. RILEY. Is it your experience, General Myers, with the letter contracts, or letter directives for letting contracts without going through the usual procedure, that you get as good and as quick construction as you would get if you went through the normal procedures?

General MYERS. I would like General Hardin to check me on this, but my experience has been that the construction is certainly just as good, and it is quicker.

Mr. RILEY. How much quicker?

General MYERS. And it is more expensive.

TIME REQUIRED TO ACCOMPLISH CONSTRUCTION PROGRAM AT CAMP PARKS

Mr. RILEY. We know it is expensive. How long, for instance, did it take you to get your necessary construction at Camp Parks?

General MYERS. That was accomplished very rapidly. As I remember, we had beneficial occupancy there in October.

General DISOSWAY. A little later than that.

General HARDIN. My records indicate that beneficial occupancy, and that means usable occupancy, though it may not be complete, was directed for September 1, 1951, for 10 barracks, 1 mess and 1 administration building and 1 warehouse. The balance of the program was to be stepped and phased in a fashion similar to that. I do not have that detail. The initial occupancy was September 1.

(Note.—Initial beneficial occupancy was obtained on September 5, 1951. See p. 104.)

Mr. RILEY. That was better than 4 months after you started?

General HARDIN. The letter order was issued on the 22d of May and the definitive contract was negotiated on the 30th of June, but we actually started work at the time that the letter order was issued to order materials to do things for the preparation of the actual work.

Mr. RILEY. Those first units were available in a little over 3 months?

General HARDIN. Yes.

General MYERS. Was that the directive date or occupancy? As I remember, it was in October, because I was in very close contact with Colonel Barnett out there. In fact, I lost a little bet with him that he would have some buildings finished in October. I did not think that he would.

EXTENT OF TIME SAVING UNDER LETTER CONTRACT PROCEDURE

Mr. RILEY. The question arises in my mind as to whether this haste and lack of plans and rapid acquirement of materials by the contractor is not confusing and delaying in itself, and probably if you put a little more stress on getting your plans and your regular procedures set up you would get almost as quick results as you would through these letter orders. How much time do you think that you would save by the letter contract procedure?

General HARDIN. I think it can be stated reasonably that in using expedited methods like this, negotiating a contract in the shortest possible time with a limited number of bidders, so that days are not lost in negotiation, you save the time between when the concept of the job is known to the designers up to the time when, through normal procedures, you would have completed the detailed design, prepared plans and specifications, advertised the work, canvassed the bids and made an award, and that, dependent upon the magnitude of the job, could run easily up to 3 or 5 months even on simple construction such as this type of housing.

Mr. DONNELLY. I think that we have the facts on Camp Parks in direct response to your question, Mr. Chairman. This large schedule was supplied by the Corps of Engineers, and it shows that the plans and specifications were completed on August 10, which is 80 days after they awarded the letter contract, so actually the time saved here was 80 days by using this type of contract instead of a formal advertised competitive bid contract.

General HARDIN. Plus the advertising time.

Mr. DONNELLY. I do not think that is so, because in the beginning, you see, up to the 21st of May, we had a lapse of 14 days, and these schedules show that there were many competitive bid contracts let after 11 days in a bid period, so I think that 80 days is a pretty accurate answer.

Mr. DAVIS. Would you not have to assume those definite plans and specifications would have been prepared sooner than that if there had not been a feeling of lack of urgency because of the letter contract in the first place, or would that not be true?

General MYERS. Just the opposite, I would think.

Mr. DAVIS. You mean that you would have taken longer with plans and specifications if you did not have a contract?

General MYERS. If you did not have an urgency, that is right.

Mr. DAVIS. There was not the urgency with respect to getting your plans and specifications, so you could go ahead on a definite basis after you had let the contract?

General MYERS. General Hardin should answer that.

General HARDIN. I think there was still the same urgency because, of course, when you let a letter contract to a contractor, he says, "What do you want me to do?" He wants plans right then from which he can take his materials off, place his orders, organize his labor force and get his equipment lined up. So the engineers, or architects are under just as great pressure to get the job to the contractor under the terms of this arrangement, a letter contract, as they would be if they were being pressured to get the plans and specifications completed so you could advertise the job.

Mr. DAVIS. General, with respect to the question of this 80 days for development of the specifications and plans at Camp Parks, would your statement be that lacking the letter contract authority it would have taken 80 days to prepare the plans and specifications as the basis for letting this contract?

General HARDIN. I think that is a reasonable assumption; yes, sir; to have them prepared in a fashion which would be suitable for advertising and in the format and exactness you would have to have for advertising work.

Mr. DAVIS. What is the status of this construction program at Camp Parks, to the best of your recollection, as of now?

General MYERS. It is practically complete, sir. Our report shows 99 percent. I do not have them with me, but I have some pictures of it that the people are very proud of, which have been sent to me.

Mr. DAVIS. The investigators indicated that in their opinion letters were being written by the contractor as the basis for claims based on the failure of the Corps of Engineers to supply shop drawings. There may have been other reasons, but at least it looked like a build-up for claims based on extension of time and extra costs. Have those claims materialized as of this time; any of them?

General HARDIN. Not to my knowledge; no, sir.

Mr. DAVIS. Have you pretty well settled with the contractor for this job?

General HARDIN. I will have to contact the District to find out. I do not know.

Mr. DAVIS. Would you have the relevant excerpt from his reply on that inserted in the record at this point?

General HARDIN. Yes, sir.

(The information relating to this matter was inserted during the last day of the Air Force hearings at p. 383. The Corps of Engineers admitted at that time that there had been an attempt by the contractor to build up claims based on extension of time and extra costs, etc.)

RESPONSIBILITY FOR DELAY CAUSED BY LACK OF SHOP DRAWINGS

Mr. DAVIS. Where does the responsibility lie here with respect to the construction delays which occurred because of the lack of the shop drawings? In other words, does that reflect a lack of proper coordination between the Air Force and the Corps of Engineers?

General HARDIN. Not necessarily. It could be our own responsibility, or it might be that we were waiting for certain criteria from the Air Force. Shop drawings in this kind of construction are generally a problem concerned with kitchen equipment, which is not an Air Force responsibility. It comes from procuring kitchen equipment on a competitive basis, and, of course, the specifications have to be rather broad, so that many types of manufacturers can bid. Without shop drawings for that kitchen equipment the constructor is in a position of being hampered in his construction operations by not knowing how to provide outlets and bases and fitting the equipment into his structure.

We have had in the past, in much of this early program, quite a problem in getting the constructor shop drawings for kitchen equipment, because of the procurement of kitchen equipment itself being a

problem. At one time we were dealing with the Quartermaster, and he had the responsibility for the procurement of all kitchen equipment. I believe it was still in effect—I am certain it was—at this time. We had so much difficulty with that cross-service procurement that in the early summer the procurement of kitchen equipment was assigned to the Corps of Engineers. That is the basis for our operations now. The situation is much improved, because the contractor buys the kitchen equipment himself on plans and specifications which we furnish him. It is then up to him to get them to the job at the right time; and we do not have that problem any more of having the Quartermaster buy the things and ship some indefinite article to the job to be incorporated in the work by the construction company.

Mr. DAVIS. Trying to be specific again, to get back to this coordinating picture between the Corps of Engineers and the Air Force, in a project of this kind, where you have evidently pretty much of a hurry-up attitude on the one hand and then the contractor complains he cannot go ahead and hurry up because he does not have the drawings that are necessary to do the job with, somewhere along the line there was either a lack of reality with respect to the original hurrying up or else there were delays in actually carrying out the things that needed to be done in order to fulfill the accelerated program. I am trying to find out what caused that to happen in this particular case.

General MYERS. I will try to get you some information on that, if you would like, Mr. Davis. To my knowledge, once we issued the directive to the Engineers we did have a good plan and siting. I do not believe that in this case, at least, there was any delay by decisions from the Air Force. There have been delays in other cases, however, by Air Force decisions or data that we should have furnished.

Mr. DAVIS. Off the record.

(Discussion off the record.)

Mr. DAVIS. General Hardin and General Myers, will you please submit for the record a statement which will explain the delays caused by the failure to have shop drawings available so that the contractor could proceed expeditiously?

General MYERS. Yes, sir.

General HARDIN. I would be glad to, sir.

(The information may be found on p. 383.)

STEPS TAKEN BY AIR FORCE TO STANDARDIZE PLANS AND SPECIFICATIONS

Mr. RILEY. Do you not have standard plans and specifications for barracks, warehouses, and hangars?

General HARDIN. That is true, we do, and that enables the contractor to initiate his planning to a very substantial degree when you issue him a letter order. But there are many things in the utility field particularly that have to be designed for that particular station, and we cannot have standard forms of utilities. That is one of the first things that he has to put in.

General MYERS. At this time, as I remember it, our standard plans for barracks were not complete. I remember at Keesler we had a lot of improvising to do on plans.

Mr. RILEY. That was something like 11 months after Korea started when everybody knew the Air Force was going to have to expand.

General MYERS. This contract was let in May 1951.

Mr. RILEY. Korea started in June of 1950. That would be about 11 months later. I believe all of us knew the Air Force was going to be expanded, and we should have had some sort of standard plans ready to go, it seems to me.

Mr. DONNELLY. In direct answer to your question, Mr. Chairman, we have the plans here for one item, barracks, and we find in December 1950, the Air Force was utilizing the services of a private architect-engineer here in Washington to overhaul the design criteria for barracks in order to effectuate better utilization of space, and the Air Force continued to have this private architect-engineer revise and improve upon those standard plans until the present set of drawings was firmed up about September 1951. So since this situation occurred last year, apparently the Air Force has taken steps to provide itself with standard plans for barracks and warehouses and buildings of that nature. Is that generally true?

General MYERS. That is generally true. We have had these barracks under redesign constantly, and they still are.

CONSTRUCTION OF THREE-STORY BARRACKS

Mr. RILEY. Are most of your barracks two stories, or are you going to three-story barracks?

General MYERS. We are going to the three-story barracks on our permanent stations.

Mr. RILEY. That saves considerable cost because you have in general the same utilities, the same roof and foundation, and so forth and the third story is economical as compared with the rest of the structure.

General MYERS. Yes; I think that is correct, but when you go to three stories you have to go into masonry, primarily for fire protection for one thing, and so against those savings due to the lesser utilities and getting it all under one roof, you have a little more expensive type of construction in masonry.

We have evaluated that very carefully against construction and against the maintenance cost, and we believe that certainly on our permanent bases it is the best investment for the Government.

On our non-permanent bases we have asked the Corps of Engineers in many cases to take alternate bids as between wood and masonry, and we are evaluating each of those bids. Likewise, they are taking alternates for the bidders' own type of construction, and type of material, and we are evaluating those alternates. In some cases we have obtained masonry construction in competition with wood that is nearly as cheap. In other cases the wood has been so much cheaper that we have taken the wood.

Mr. RILEY. Does that vary in localities?

General MYERS. Yes.

Mr. RILEY. I know that I have run into construction in certain localities where there is practically no difference between masonry and wood construction.

General MYERS. We have had bids that way, sir, down South particularly.

Mr. RILEY. Of course, the maintenance costs are considerably less in masonry construction.

General MYERS. Considerably less.

Mr. RILEY. So over a reasonable time you save a great deal of money if the construction costs are comparable?

General MYERS. Yes. That is correct, and we are trying to take that into consideration, and trying to get the best deal for the Government for the dollar. We are trying.

Mr. FURCOLO. Do you know how long the barracks are supposed to be there?

General MYERS. If we just knew how long we are going to need them.

Mr. RILEY. Even in some cases, in temporary barracks, the masonry is cheaper in certain areas. And they cannot be burned when you put them on a standby basis.

QUESTION AS TO TIME SAVING VALUE OF LETTER CONTRACTS

I am still somewhat in doubt as to whether you save much time, and certainly it is a more expensive operation on these letter contracts. When the contractor goes out to get his material, he sometimes has difficulty in getting what he wants, and due to the pressure of his orders, and so forth, I believe it is your experience, General, that he has to get substitute materials and dispose of some that he has that does not fit into the contract; is that correct?

General HARDIN. Yes. Let me add, Mr. Chairman, we are using no letter contracts any more.

Mr. RILEY. I am glad to hear that.

General HARDIN. It was only during that period of great emergency in trying to get these short completion dates met that we used the negotiated procedure, and we are not even using the negotiated procedure any more.

Mr. RILEY. It is all on bids?

General HARDIN. All advertised competitive bidding.

OPENING OF BIDS UNDER NEGOTIATED PROCEDURE

Mr. RILEY. Following up the question of Mr. Furcolo, are your bids opened publicly in the presence of the bidders?

General HARDIN. The normal advertised procedure requires that the bid be opened up at a certain hour at a certain time and the public is invited to be present. Notices are usually published in public places which will allow anyone who is interested to see when the bids will be opened.

In the negotiated procedure, that also follows to a degree. We have a time when all the proposals are opened so that those who have submitted proposals can be present, but the public is not invited as we invite the public for the normal advertised bidding. The Government estimate is also read at the formal opening of bids under the normal advertised procedure, but the Government estimate is not announced at the time that the proposals are received under the negotiated procedure because there are still steps to be taken in the negotiated procedure.

(The Corps of Engineers subsequently supplied the following additional information:)

In July of 1951 the field offices of the Corps of Engineers were advised that in soliciting proposals on which to base a negotiated contract informal proposals would be received and opened in the presence of those contractors who were interested in the work. However, the general public would not be invited to attend such openings. The field was instructed that at the opening only the total amount of the bid would be disclosed and the apparent low bidder named. However, such an announcement was to be qualified to the effect that final determination as to the firm selected for further negotiations would not be announced until all the proposals had been carefully reviewed. The Government estimate was not to be disclosed at this opening of proposals in order not to reveal any information pending the completion of the negotiations. This policy was put into effect and a case arose shortly in which a proposal more favorable to the Government was received after the opening. Army procurement procedures provide for the receipt and consideration of proposals on negotiated contracts up to the time the final award is made. As a result, on October 23, 1951, the policy enunciated in the circular letter of July was rescinded and opening of proposals for negotiated contracts in the presence of interested contractors discontinued. At the present time the procedure is to invite proposals from interested contractors and after consideration negotiate with the one considered to be most favorable and after negotiation is successful advise the other proposers of the final result.

Mr. RILEY. You do not announce the Government estimate when you have competitive bids until you get ready to open them; is that right?

General HARDIN. No, sir. At the time when the bids are read, we also read the Government estimate.

Mr. RILEY. Are there at the present time many change orders, or have you eliminated the necessity for change orders now as construction goes along?

General HARDIN. Of course, as construction goes along at a more leisurely pace and plans are perfected as work is undertaken, there are fewer change orders issued, but in the rapid period of construction it necessarily followed that perhaps plans were incomplete and change orders were more numerous. In any construction, though, there is always a certain amount of change orders, as I am sure you well know.

Mr. RILEY. It saves the Government money when those change orders are held to a minimum?

General HARDIN. Yes.

Mr. RILEY. So that better planning and programing would tend to eliminate a great many of those changes?

DELEGATION OF AUTHORITY TO DIVISION AND DISTRICT ENGINEERS TO AWARD CONSTRUCTION CONTRACTS WITHOUT COMPETITIVE BIDS

Mr. DONNELLY. In line with the question which you just asked of General Hardin, I would like to advise the committee as of March 16, 1951—that was this last year—the Chief of Engineers had delegated to district engineers authority to award construction contracts without competitive bids up to $5,000,000. That was a year ago, March 16, 1951, and had delegated authority to division engineers to award construction contracts without competitive bidding up to $15,000,000 on any one contract.

Mr. FURCOLO. Not any one project?

Mr. DONNELLY. One contract on one project. We can refine it down that far.

Mr. RILEY. Would it be possible under that procedure to award, say, four contracts of $15,000,000 each on the same base?

General HARDIN. Yes; that could be done.

Mr. RILEY. In other words, you could go to $60,000,000, $80,000,000 or $100,000,000?

Mr. DONNELLY. This is on delegated authority from the Chief of Engineers. On his own authority the division engineer could do that.

Mr. RILEY. My question was: Could he have four or five contracts up to $15 million each on the same base? That would mean you could go to $80 million or $100 million.

Mr. FURCOLO. You could build the whole base.

Mr. RILEY. General Hardin, can you answer that?

General HARDIN. Yes, Mr. Chairman. The intent of that authority was to provide the field offices those authorities which the Secretary of the Army did not reserve to himself. The authority to negotiate was in keeping with the Procurement Act. I have forgotten how it is properly described. It was an emergency procedure. It was intended to enable the construction agency, which is the Corps of Engineers in this instance, to make a contract without the necessity for referring it to Washington for approval; as long as it stayed under the top limit which is indicated in that paper. If it went over that, then it had to come to Washington to be approved by the Secretary of the Army. Now, that applied to any contract, as I recall it, whether it was negotiated or not. I am not positive. I know that applied to negotiated contracts, particularly cost-plus-fixed-fee operations, and the negotiated form of contract on a lump sum or unit price basis.

Mr. RILEY. It seems to me that that was a right dangerous procedure even in an emergency, to have the authority so high.

General HARDIN. Mr. Chairman, may I add to my remarks? I think the purpose, as I say, was to facilitate the administrative action. It was not supposed to be a curb on the undertaking, because we as a construction agency are not in a position to undertake anything for which either the funds or the authority has not been given to us by the using service.

In the case of a $100 million job, for instance, for the Air Force, if they give us a construction directive for that undertaking, that is our authority to proceed, and there is no limitation by any Government agency on us as to whether or not we will build that $100 million authority broken down into 4 parts, 10 parts, or what. We would use what are the most advantageous procedures for the Government.

That provision was entirely for facilitating the form of approval of the contract form, and the authorities that are of an administrative nature, rather than the physical undertaking of the work.

Mr. RILEY. Well, I can readily see the necessity for breaking it down into several different contracts on a base, but I think the overall authority there for negotiated contracts is rather high. It would certainly be conducive to high cost construction. I cannot see that it would be any other way.

(NOTE.—There is printed in the appendix of pt. 3 of these hearings, covering the Army, a detailed and documented account of the entire contracting procedure, which was prepared by the Corps of Engineers.)

REDELEGATION OF AUTHORITY TO DISTRICT ENGINEER

Mr. DONNELLY. Mr. Chairman, there is a further provision for a redelegation of this authority by the division engineer to the district engineer, upon request and approval.

General Hardin, do you know whether any division engineer redelegated to any district engineer authority to negotiate contracts in amounts up to $15 million?

General HARDIN. No. I think there was a limitation there, Mr. Donnelly, of $5 million.

Mr. DONNELLY. There was to the district engineer. Then the next provision was authority in the division engineer up to $15 million. Then two paragraphs below there is a provision for redelegation by the division engineer of his authority up to $15 million to his subordinate, a district engineer, upon request and approval. Do you know whether there were any such approved redelegations?

General HARDIN. I do not know.

Mr. DONNELLY. Would you supply that for the record?

General HARDIN. Yes; I would be glad to.

(The information is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, March 9, 1951.

Subject: Delegation of Authority.
To: The District Engineer, Omaha District, Corps of Engineers, Omaha, Nebr.
The District Engineer, Kansas City District, Corps of Engineers, Kansas City, Mo.

1. By direction of the Under Secretary of the Army, the Chief of Engineers was granted authority with power of redelegation to approve awards of negotiated military construction contracts in amounts not to exceed $15,000,000. Authority also was granted to issue letter orders for construction work when the estimated cost of the final contract does not exceed $15,000,000, provided that the maximum amount of any letter order will not exceed $7,500,000 and will not be in excess of 50 percent of the estimated cost of the final contract.

2. The Under Secretary of the Army also delegated to the Chief of Engineers with power of redelegation the authority to approve all architect-engineer contracts in connection with military construction, whether for title I or title II or both, where the total contract amount of the architect-engineer contract does not exceed $500,000.

3. I hereby delegate the above authority to you without power of further delegation. Awards in excess of these amounts will require authorization from the Under Secretary of the Army. Requests therefor will be submitted to this office in the same detail and following the same procedures as presently outlined in orders and regulations and implementing directives.

4. This authority is delegated to you upon the recommendation of the division engineer. I have approved his proposal to impose limitations upon your authority as to the selection of contractors and the subsequent approval of fees negotiated. I am advising the division engineer of this action so that he may advise you by separate communication of the conditions in question.

LEWIS A. PICK,
Major General, Chief of Engineers.

DOLLAR VALUE OF CONTRACTS LET WITHOUT COMPETITIVE BIDDING

Mr. FURCOLO. I would like to ask you at that point if you could give us some sort of rough guess—or, if not, supply it for the record—as to the total amount of money without competitive bidding on contracts? In other words, I would be interested in knowing whether there was a couple of hundred million dollars spent that way. It might be only $5 million, or nothing.

Mr. DONNELLY. Mr. Furcolo, we have that here. We have schedules covering everything, and I have one for each member of the committee. I did not want to clutter up your place at the table with it.

Mr. FURCOLO. That is all right.

Mr. DONNELLY. We have every single contract let by both the Air Force and the Corps of Engineers over $1 million in the case of negotiation, and over $100,000 in the case of CPFF.

Mr. RILEY. Covering what period?

Mr. DONNELLY. This is a 14-month period ending August 31, 1951, for the zone of interior. The first sheet is the cost-plus-fixed-fee for the Air Force.

Mr. DAVIS. As to this $5 million we are talking about, does that compare with the $2 million limitation which we talked about with respect to the Bureau of Yards and Docks in the Navy?

General HARDIN. I am not sure, Mr. Davis.

(Discussion off the record.)

(The schedules of contracts were printed above, facing p. 18

QUESTION AS TO ABUSES OF INFORMAL CONTRACTS

Mr. DAVIS. General Hardin, in connection with these limitations on authority to let contracts by various means—that is, a dollar-wise limitation—in connection with the interrogation of the representatives of the Bureau of Yards and Docks we ran across cases of abuse of the informal contract authority, on the $2,000 or less contracts, where they deliberately circumvented the limitation. I think there was one case of where over 100 contracts of less than $2,000 were let on one establishment.

Have you run across any similar experience in the Corps of Engineers?

General HARDIN. No, sir; I have not. It has not come to my attention.

Mr. DAVIS. Would you be in the position where abuses of that kind would be brought to your attention?

General HARDIN. Yes, sir; I think that in time, if that sort of thing were going on in our organization, I would certainly hear about it. But it is so unusual for us to ever let any kind of contract for such a small amount of money that I think there is practically no chance for it. I think if there were any place where abuses occurred—I presume you mean the lack of advertising, and just buying on the open market without competition—it would be in the purchasing of supplies. But the restrictions there of the General Accounting Office are so rigid, where you have to show why you did not get exceptions and why you did not have competition, that it is inconceivable to me, on my experience as a district engineer, that you would have any problem.

BENEFITS OF INFORMAL CONTRACTS

Mr. DONNELLY. General Hardin, in line with Mr. Davis' question, I am sure you are familiar with the provision of the Armed Services Procurement Act of 1947 which permits the Corps of Engineers and other construction services of the Government to utilize the informal contract.

General HARDIN. That is right.

Mr. DONNELLY. That is, under $2,000; as a means of facility in getting small amounts of work done. Is that not correct, sir?

General HARDIN. I think that is correct.

Mr. DONNELLY. Can you comment on what benefits you think there are in that authority?

General HARDIN. Mr. Donnelly, I believe I would have to know more about the specific authority to which you refer. Is it the authority which permits you to go out and buy services or supplies without any competition at all, even though it is informal?

Mr. DONNELLY. Under $2,000; yes, sir.

General HARDIN. I think that is a desirable thing. In operating particularly on the maintenance and operation of a post, camp, or station it is desirable. I can conceive of where that sort of authority would be quite desirable to have.

Mr. DONNELLY. Admiral Jelley testified it was of great value. He had intimate knowledge of its operation. Do you have similar knowledge from your position in the Corps of Engineers?

General HARDIN. I do not have personal knowledge of the utilization of that authority. It is not in the construction activities with which I have immediate concern. It may be within our repairs and utilities program, as I say, that you would find that that would be a desirable feature to be able to employ.

Now, repairs and utilities do fall under my general direction, although they are a command operation. We give technical assistance to it.

QUESTION AS TO ABUSES OF INFORMAL CONTRACTS

Mr. DONNELLY. General Hardin, do you know of any instances of abuses or misuse of that informal contract authority by any Engineer officers?

General HARDIN. I do not know of any.

Mr. DONNELLY. Do you have facilities to investigate to see that that authority is not abused or misused?

General HARDIN. Oh, yes.

Mr. DONNELLY. Do you do that under the Inspector General?

General HARDIN. We do that through our own auditing procedure. We have periodic audits. And also through the General Accounting Office reviews of our accounts.

General MYERS. I might add, sir, from the Air Force point of view, that I have responsibility for the repairs and utilities activities in the Air Force, as the Corps of Engineers has for the Army. We have that same authority in the field, which is handled by the major commands. I can certainly say that some such authority is practically indispensable. If we did not have some such authority it would create quite an administrative bottleneck in getting your job done. We have the same method of policing it, through the audit, and the financial chain, as the Army does.

Colonel KROEBER. General, we also police it by means of Form 566, which shows all the construction contracts of any size let, which are reviewed by the maintenance people. Any time we notice any semblance of a job being broken up into various components we immediately pounce on it, if it is contrary to the regulations, as to any job which cannot be broken down into individual components.

I am thoroughly familiar with that, because I have worked in maintenance myself, and have reviewed these reports, and know of instances where we have had to get on people where they broke up jobs into small parts.

Mr. DONNELLY. Would that form reveal that break up or attempt to break up, if all the contracts were with the same contractor?

Colonel KROEBER. It would, sir; because it generally specifies a building number. It might show, for instance, painting building 35, replacing floors in building 35, and installing light fixtures in building 35. When you see something like that you can immediately see that somebody has tried to rehabilitate the building in the amount of $20,000, and has broken it up into 10 small components, which is strictly illegal and contrary to all regulations.

General MYERS. We try to police that. We do it from our office, as Colonel Kroeber has said; and we have had instances where, as he says, we have had to pounce on them. I think you can expect you would have some of that reaction, with the enthusiasm of the man in the field trying to get the job done.

I can also add that we have tried to handle the administrative end of that and curbing of that primarily through the command channels by direct action from the chief of staff to the major command commanders, and down the line, rather than through technical channels.

Mr. DAVIS. Off the record.

(Discussion off the record.)

AFTERNOON SESSION

Mr. RILEY. The committee will be in order and I shall ask Mr. Donnelly to proceed.

NEGOTIATION OF CONTRACTS WITHOUT COMPETITIVE BIDDING

Mr. DONNELLY. Thank you, Mr. Chairman. In light of the questions which you asked of General Hardin on the subject of the letting of construction contracts without bidding, and the formal safeguards attendant upon bidding, I wonder if I could not go over some of the basic background on that?

Mr. RILEY. Very well.

Mr. DONNELLY. I have here the Armed Services Procurement Act of 1947 which was enacted on February 19, 1948, and is known as Public Law 413 of the Eightieth Congress. You will find in this the authority given by Congress for the negotiation of contracts, in 2 (c), only in the event that 1 of 17 conditions obtains, and they are all spelled out, starting with 1 and going right down the list to No. 17.

DELEGATION OF AUTHORITY TO DIVISION AND DISTRICT ENGINEERS TO ELIMINATE COMPETITIVE BIDDING

The delegation of $5 million and $15 million to district and division engineers that we discussed this morning resulted from this set of facts.

When the Chinese Communists marched into Korea, the Under Secretary of the Army on December 18, 1950, issued a directive authorizing the negotiation of contracts without competitive bidding and on the basis of the President's declaration of a national emergency on December 16, 2 days earlier. I have here the directive of the Under Secretary of the Army.

This sheaf of documents that we are looking at is all premised upon this directive of December 18. The top document of the sheaf is a

letter of March 16, 1951, from the Chief of Engineers, Lt. Gen. Lewis A. Pick, to the Deputy Chief of Engineers, the Assistant Chief of Engineers for Military Construction, Brigadier General Hardin, who is present, and to division and district engineers. The purpose of this letter is stated at the very outset in paragraph 1:

To consolidate into one document the present authorities of the Chief of Engineers with respect to awards of negotiated military contracts for architect-engineer and construction services; to effect a further redelegation of that authority; to restate the policy of the Corps of Engineers with respect to letting contracts by formal advertisement or by negotiation; and to state the circumstances under which the cost-plus-a-fixed-fee type of contract will be approved for use.

Mr. Chairman, may the entire letter be inserted in the record at this point?

Mr. RILEY. Without objection that will be done.

(The letter is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington 25, D. C., March 16, 1951.

ENGAC 161.

Subject: Declaration of National Emergency—Policy and Authority For Construction and Architect-Engineer Contracts.

To: Deputy Chief of Engineers
Assistant Chief of Engineers for Military Construction
Division Engineers
District Engineers

1. The purpose of this multiple letter is to consolidate into one document the present authorities of the Chief of Engineers with respect to awards of negotiated military contracts for architect-engineer and construction services; to effect a further redelegation of that authority; to restate the policy of the Corps of Engineers with respect to letting contracts by formal advertisement or by negotiation; and to state the circumstances under which the cost-plus-a-fixed-fee type of contract will be approved for use. The provisions hereof shall have no application whatsoever to projects financed from civil funds appropriated to the Corps of Engineers.

2. Attention is directed to the following references:

(a) Current Procurement Directive 51, fiscal year 1951, issued by the Assistant Chief of Staff, G–4, December 18, 1950, with inclosures thereto identified as a memorandum from the Under Secretary of the Army to the Assistant Chief of Staff, G–4, December 18, 1950, subject: "Declaration of National Emergency and Broadening the Industrial Base of Procurement Programs" and a "Department of the Army Determination—Authority to Negotiate During Period of National Emergency," December 18, 1950, and signed by the Under Secretary of the Army, copies of which are enclosed (enclosure 1).

(*b*) JAAF Procurement Circular No. 25, December 15, 1950.

(*c*) "Determination and Findings—Authorization to Procure Architectural and Engineering Services," signed by the Under Secretary of the Army, February 15, 1951, copy enclosed (enclosure 2).

(*d*) Copy of first endorsement from the Assistant Chief of Staff, G–4, to the Chief of Engineers, February 16, 1951, file G4/E1 7281, increasing the award authority for coustruction contracts and the issuance of letter orders relating thereto (enclosure 3).

3. Attention is directed to paragraph 4 of CP Directive 51 (reference 2(*a*) above) relative to procurement by advertising. The standards prescribed therein are further implemented as follows:

(*a*) Construction contracts:

(1) When plans and specifications are complete enough to permit lump sum bidding, the addressees of this multiple letter shall decide whether to negotiate or advertise, on the basis of the time element involved.

(2) Where the work can be defined by partial plans and specifications which are not sufficiently complete to permit formal advertising, negotiated lump sum or unit price contracts will be used, if practicable, in lieu of cost-plus-a-fixed-fee contracts.

(3) When the completion date is such that planning and building must start at the same time, such circumstances will be favorably considered by me to justify the use of cost-plus-a-fixed-fee contracts.

(4) When the project is located off-shore in areas where construction experience is lacking or otherwise of such a nature that makes it impracticable to estimate costs, such circumstances will be favorably considered by me to justify the use of the cost-plus-a-fixed-fee type of contract.

(5) Any contract to be negotiated on a fixed price basis should generally be accomplished by soliciting proposals from such qualified contractors as may be deemed necessary to insure effective competition, consistent with meeting the required completion date.

(6) When a contract is let by negotiation, letter order contracts should be issued in the first instance, when they will serve to expedite the completion of the work.

(7) All types of contracts must contain adequate requirements for maintaining sufficient plant, personnel, extra shifts and overtime to insure completion within the specified time limits.

(*b*) Architect-engineer contracts:

(1) Architect-engineer contracts, in all cases, will be negotiated.

(2) Principles determining the method of selection of architect-engineers, their negotiation and the instructions for use in determining architect-engineer fees are as set forth in paragraph 4106.15, Orders and Regulations, as implemented by classified multiple-letter ENGEY 161, 24 January 1951, subject: Negotiation of Fees on Architect-Engineer Contracts.

(*c*) In accordance with JPR 4–300, a determination and finding justifying the use of a cost-plus-a-fixed-fee contract must be made in each instance by the Chief of Engineers.

4. The following principles govern the selection of construction contractors and architect-engineers when the element of competition is lacking. They apply also to the selection of subcontractors under cost-plus-a-fixed-fee contracts, when the subcontract is subject to approval of the contracting officer:

(*a*) The contractors must be fully capable of accomplishing the required design or construction work.

(*b*) The contractor should be located in the general geographical area in which the work is to be performed. The guiding principle to be followed in determining the size of the geographical area is to make it large enough to provide a reasonable choice of contractors capable of handling the project. Unusually large or complicated projects thus generally will require consideration of firms within a large geographical area.

(*c*) Avoid overloading any one firm.

(*d*) The addressees of this multiple letter may select construction and architect-engineer contractors for contracts within the limitations of their delegated approval authority without further reference to this office. If the award of the proposed contract requires the approval of the Chief of Engineers or higher authority, recommendations as to the contractor to be used will be submitted to this office as now prescribed.

5. In accordance with the authority vested in me by the references cited in paragraph 2 above and subject to the limitations contained therein, I hereby redelegate to the above addressees without power of further delegation the authority to approve awards of negotiated military contracts as follows:

(*a*) District engineers:

1. Construction contracts in amounts not to exceed $5,000,000.

2. Architect-engineer contracts in amounts not to exceed $100,000. No distinction foraward purposes is to be drawn between title I (design) and/or title II (supervision of construction) services.

3. Letter-order contracts for construction when the estimated cost of the final contract does not exceed $5,000,000 provided that the maximum amount of any such letter-order contract will not be in excess of 50 percent of the estimated cost of such final contract.

4. Letter-order contracts for architect-engineer services not in excess of $50,000 and not in excess of 50 percent of the estimated cost of the final architect-engineer contract.

(*b*) Division engineers:

(1) Construction contracts in amounts not to exceed $15,000,000.

(2) Architect-engineer contracts in connection with construction, whether for title I or title II or both, where the cost of the architect-engineer contract does not exceed $500,000.

(3) Letter-order contracts for construction when the estimated cost of the final contract does not exceed $15,000,000 provided that the maximum amount of any such letter-order contract will not be in excess of 50 percent of the estimated cost of such final contract.

(4) Letter-order contracts for architect-engineer services not in excess of $250,000 and not in excess of 50 percent of the estimated cost of the final architect-engineer contract.

(*c*) Deputy Chief of Engineers and Assistant Chief of Engineers for Military Construction. The same authorities as granted to Division Engineers in subparagraph (*b*) above.

(*d*) Additional delegations: Requests for delegations to district engineers in excess of their authority as delegated herein, up to the limits herein authorized to division engineers, will be approved for individual district engineers as recommended by the appropriate division engineer. No limitations with respect to approval of contract awards may be imposed by division engineers upon the authority delegated hereunder to district engineers without the prior approval of the Chief of Engineers. Contract awards in excess of the amounts delegated hereunder will require authorization from the Under Secretary of the Army. Requests therefor will be submitted to this office in the same detail and follow the same procedures as presently prescribed by JPR, Orders and Regulations, and implementing directives.

6. Attention is directed to paragraph 6, JAAF Procurement Circular No. 25, providing that a 7-percent fixed-fee limitation for all cost-plus-a-fixed-fee contracts should be made a condition of each applicable letter order. Reference is made also to the provision therein that price-adjustment clauses should be used in negotiated procurement when the estimate of the low offerer, or the only offerer, exceeds the amount of the Government estimate by 5 percent or $5,000, whichever is lesser. These requirements are being revised by the Assistant Chief of Staff, G–4. In the meantime they shall have no application to the subject matter of this multiple letter.

7. Report of all contracts and letter-order contracts approved under this authority shall be made on Department of Defense Form 350 (Individual Procurement Action Report)—reports-control symbol DD–MB–245—and shall be identified by entry in part B, item 24 (Remarks) of the following statement: "Approved under delegation of authority granted by United States, 15 February 1951." In addition to the foregoing, the report which covers the last individual procurement action taken under this authority each month, shall contain the following: "Final Report (month), 195__. Previously approved under this authority and forwarded during (month): (List numbers of all individual procurement-action reports negotiated under this delegation of authority and previously submitted during the month)."

Report as to letter-order contracts issued shall show also, where applicable, "Funds obligated $_____," and shall indicate only funds obligated by the letter-order contract; however, it is desired that the report of the letter-order contract contain an additional statement under item 24, as follows: "It is estimated that the total construction cost will be $_____." In the event that a letter-order contract is reported, stating obligation of funds in accordance with the foregoing, subsequent report upon formalization of the contract will include the total amount of the contract, less the amount of the letter-order contract.

In connection with architect-engineer contracts, the Under Secretary of the Army has requested a monthly report, for which a reports-control symbol is being obtained, to be submitted in time so as to reach the Office of the Assistant Chief of Staff, G–4 (Attention: Chief, Current Procurement Branch) not later than the 19th of each month, covering awards of all architect-engineer contracts approved during the preceding calendar month under this and previous delegations of authority. Such reports will be submitted in triplicate and will include the following information:

(*a*) Names and addresses of architect-engineer contractors.

(*b*) Brief description of the services.

(*c*) Type of contract (cost-plus-a-fixed-fee, fixed price, etc.).

(*d*) Total contract price in case of lump sum or estimated cost-plus-fixed-fee in case of CPFF.

(*e*) Fixed fee in case of CPFF or profit item if lump sum (item No. 7 of seven-item breakdown; see par. 4106.15, Orders and Regulations, and percentage this item represents when compared to total of other six AE contract cost items).

(*f*) Estimated construction costs upon which AE negotiations were based, broken down between utilities and structures.

(g) Date of approval.
(h) Approving officer (title, district, or division). Such report will be submitted so as to reach this office not later than the 12th of every month and will cover awards approved during the preceding month. The foregoing reporting requirements do not alter current procedures outlined in existing multiple letters which are not specifically superseded hereby.

8. Authority is granted to deviate from the provisions of Orders and Regulations, and other directives of the Chief of Engineers, but only to the extent such provisions are rendered inconsistent with the policy and authority stated in the references listed in paragraph 2, above, and as same may be inconsistent with the implementing instructions contained herein.

9. The existence of a state of national emergency, and the magnitude of our enlarged program, makes it highly imperative that the letting of contracts be accomplished efficiently, effectively, and to the best interest of the Government. The authorities delegated in this multiple letter of necessity relax some of the safeguards and reviews which normally surround contracting activities and consequently place greater responsibility on those exercising the additional authority. Continued use will be made, therefore, of all the required precautions to protect the interest of the Government, and, in addition, such further measures as you may deem necessary will be taken.

10. The authorization granted herein to approve contracts for architectural and engineering services shall not extend beyond 30 June 1951. The following multiple letters previously signed by me on this subject are hereby superseded:

Symbol and file No.	Date	Subject
ENGAC	Dec. 28, 1950	Declaration of National Emergency—Policy and Authority for Construction and Architect-Engineer Contracts.
ENGAC 161	Jan. 23, 1951	Declaration of National Emergency—Authorization to Procure Architectural and Engineering Services.

LEWIS A. PICK,
Major General, Chief of Engineers.

CONDITIONS UNDER WHICH DIVISION AND DISTRICT ENGINEERS ARE AUTHORIZED TO NEGOTIATE

Mr. DONNELLY. At the top of the next page, page 2, you will find the subheading "Construction contracts." This page spells out the situations wherein the division and district engineers are authorized and empowered by virtue of this directive to eliminate competitive bidding.

You will find in the first condition there, where you have plans and specifications complete, there is discretion vested in the division and district engineer to decide whether to negotiate or to advertise. The criterion is the time element involved.

Now, we have that situation at Amarillo. The Corps of Engineers chose there to negotiate a contract for the 119 barracks and for the two mess halls, notwithstanding the fact that they had the plans and specifications completed shortly thereafter. When they formally advertised a short while later, they saved $20,000 a building on the barracks.

Mr. FURCOLO. Before you leave that first one, do you interpret it as I do? This does not give them complete discretion. It really depends upon the time element involved.

Mr. DONNELLY. I think I indicated that the time element was the criterion, but they would have discretion as to whether they felt the time element was such that they could dispense with formal competitive bidding.

The second situation is where the work is defined by partial plans and specifications which are not sufficiently complete to permit competitive bidding. And in that situation a negotiated contract and a unit-price contract is prescribed in lieu of a CPFF, which is the least formal type of contract.

The next one, which is No. 3, seems to say that the Chief of Engineers is the only one who had authority to authorized the CPFF contract; is that correct, General Hardin?

General HARDIN. That is correct.

Mr. DONNELLY. The same appears to be true with respect to the fourth situation. The fifth situation directs that, if the contract is to be negotiated on a fixed-price or lump-sum basis, the division or district engineer should solicit proposals from more than one contractor.

The next situation, which is the sixth, is typical of Camp Parks, because there you had the Corps of Engineers issue a letter-order contract on May 21 and plans and specifications were not completed until August 10, 80 days later.

The seventh provision relates to sufficient plant on the part of the contractor, extra shifts, and overtime. And, as we will see in Sampson, N. Y., that overtime can become terrifically expensive if time is the criterion in the completion of a construction operation.

Much of the balance of this directive has to do with architect-engineer contracts. I believe Mr. Furcolo asked on the opening day what an architect-engineer contract was, and you can see from this directive that an architect-engineer contract is always negotiated. In other words, you are dealing with professional people and fixing a professional fee.

COST-PLUS-FIXED FEE CONTRACTS

RETENTION BY CHIEF OF ENGINEERS OF AUTHORITY TO CONTRACT

With respect to the retention by the Chief of Engineers of authority in the cost-plus-fixed-fee contracts, we have a statement from the Corps of Engineers with respect to all of the cost-plus-fixed fee contracts of $100,000 or more that the corps let for the 14-month period ended August 31, 1951, for the zone of the interior. And, if the committee wants an idea of how many of those there were, I can state that at this time. Is that desirable, Mr. Chairman?

Mr. RILEY. Cost-plus-fixed-fee contracts?

Mr. DONNELLY. Yes.

Mr. RILEY. Yes.

EGLIN AIR FORCE BASE, FLA., CONTRACT

Mr. DONNELLY. We have for the Air Force the first contract, which is Eglin Air Force Base in Florida. Four contractors were considered, and the contract cost was $1,006,000.

The seventh column gives the committee an indication of the amount of the fee that was paid the contractor. He was not paid at the outset a percentage of the total cost. The percentage shown here is after he had done his work and he was paid a reasonable fee. It happened to work out to that percentage. So, nobody was being paid on the basis of how much they could spend on a CPFF contract.

The members will note in column 3 that we have the number of contractors considered for CPFF work, and in every case there were considerably more than two considered on these Air Force contracts.

ARMY COST-PLUS-FIXED-FEE CONTRACTS

If we may pass to the cost-plus contracts for the Army, we see a somewhat different story. On the Army contracts we find in column 3, just at the starting point, the number of contractors considered. The first one is a $18,700,000 contract, and only one contractor was considered.

The second is a $28-million contract, and only one contractor was considered.

The next one is a $2-million contract, and only one contractor was considered.

As you look down that column you will see the lack of competitive bidding or the lack of even informal bidding on these Army CPFF contracts of very large size.

Mr. FURCOLO. I noticed that when I was looking at it before, and I also noticed what seemed to me to be the fact that on all of these, the smaller the contract the more bidders there seemed to be. On this first page of the Air Force, all those contracts are under $3 million, and for the Army, while it does not work out for all of them, there seems to be a very definite relationship between the number of bidders and the size of the contract, there being very few bidders when it is a big contract. I do not know whether that has to work out that way or not, but that is the way it seems. Does it not seem so to you?

Mr. DONNELLY. I do not think it does. There are some big Army CPFF contracts with one bidder, which illustrate your point, but then again there are others of smaller size.

Mr. FURCOLO. That is true.

Mr. RILEY. General Hardin, did you wish to make some statement in connection with these Army contracts?

COMPARISON OF USE OF COST-PLUS-A-FIXED-FEE CONTRACTS BY AIR FORCE AND THE ARMY

General HARDIN. Mr. Chairman, the cost-plus-fixed-fee operation for the Air Force was almost uniformly, I believe, used in an effort to buy time. However, on the other hand, with the Army, the nature of the contracts was determined by the type of work to be undertaken.

You will notice that uniformly, I think, in this Army list, it is either for Ordnance or the Chemical Corps. They are generally building a facility, if it is new, to carry out a process which had been under development by a firm that had been employed by that particular service—research and development—and are now getting into the construction phase. As a result there is only one person to do that work, because of its extremely high classification in some instances and in others because there was only one firm that had the know-how to do it.

Again you will find that there are certain types of operations in the Army list, under rehabilitation, where old Ordnance plants were being rehabilitated; plants which had been laid away from the end

of World War II, in various stages of lack of repair and extreme need for rehabilitation.

In those cases I think you will find uniformly that there was more than one contractor considered, and the reason for cost-plus-fixed-fee operations in that type of work is that you cannot determine what is to be done until you do a lot of work, take the plant apart and expose the critical elements and determine what the piping, the machinery, and even the structures need to put that facility back into operation, into operating condition. Therefore, it is the only form of contract relationship which is effective or can be applied practically to the problem.

A lot of the work on the Army list, as I say, is highly classified, and is the construction phase of some of our more important development projects being carried on by the Army today.

Mr. DONNELLY. Rehabilitation work is better adapted to this CPFF contract than the negotiated or competitive-bid contract, so far as we have been able to ascertain?

General HARDIN. Yes.

CONSIDERATION OF SINGLE CONTRACTOR FOR PINE BLUFF ARSENAL, ARK., PROJECT

Mr. DONNELLY. With regard to your other comment on Ordnance work and specialized work, let us look at the second one, Pine Bluff Arsenal, design and construction of approximately 151 structures including all outside utilities and appurtenances. One contractor considered, and the amount of the contract is $28,000,000.

Was there at that time more than one contractor qualified to undertake a job of that scope and magnitude?

General HARDIN. No. That firm had been engaged by the Chemical Corps in a long program of research and development prior to the time when the project was approved for undertaking in the construction phase.

Mr. DONNELLY. We found in the testimony of Admiral Jelley, of Yards and Docks of the Navy, that the rehabilitation of the United States Naval Training Center at Bainbridge, Md., was done under a cost-plus-a-fixed-fee contract involving something in excess of $17,000,000, and the Bureau of Yards and Docks called in seven construction firms and considered them before determining upon the contract.

Now, is it the practice of the Corps of Engineers on the CPFF contracts, which are made necessary because of emergency, or specialization, to call in more than one contractor where possible?

General HARDIN. Yes; definitely it is the policy wherever we can find that more than one contractor is qualified to do the work.

Mr. Chairman, I would like to supplement the comments I have made about the utilization of cost-plus-fixed-fee contracts on rehabilitation work today, to say that we have used extensively negotiation procedure or in some cases formal advertising procedure in the rehabilitation of Air Force and Army camps, posts, and stations. Where the time element is not so pressing and we can get proposals and have the work firm enough so that the contractors can understand it, we have found that we can get quite satisfactory contracts for rehabilitation of structures.

Mr. RILEY. That comes back to the question of having adequate time for planning and preparation of specifications.

General HARDIN. Yes.

Mr. FURCOLO. With reference to your statement about having it so that the contractors can understand it—whether it is justified or not—I know that there have been times when there has been some criticism, not necessarily of your department, that often one way of getting the contractor that someone might want to have is by over-specifying the work to be done. Are you familiar with such criticism?

General HARDIN. No, sir; I am not.

TERMINATION OF AUTHORITY OF DIVISION AND DISTRICT ENGINEERS TO NEGOTIATE

Mr. DONNELLY. Mr. Chairman, the authority in the division and district engineers to enter into negotiated contracts was terminated, I am advised, by this letter of the Chief of Engineers of March 7, 1952, which I would like to put in the record.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D. C., 7 March 1952.

ENGMM 600.1
Subject: Negotiation versus Advertising of Military Construction Contracts
To: Division engineers.
District engineers.
Officer in charge, rear echelon, Middle East district.
Officer in charge, rear echelon, East Atlantic district.
Officer in charge, rear echelon, United States Engineer group, Ankara.

1. Reference is made to ASPR 3-102, APP 3-102 and multiple-letter ENGAC 161, 16 March 1951, subject: Declaration of National Emergency-Policy and Authority for Construction and Architect-Engineer Contracts, as amended by multiple letters of the same symbol and file numbers dated 2 April 1951, subject: Delegation of Authority To Make Determinations and Findings in Support of Cost-Reimbursement Type Contracts, 12 July 1951 and 22 January 1952, subject of both: Declaration of National Emergency-Policy and Authority for Construction and Architect-Engineers Contracts; also to multiple letter ENGAC 161, 12 April 1951, subject: Declaration of National Emergency and Broadening the Industrial Base of Procurement Programs.

2. In the future all military construction contracts will be awarded pursuant to formal advertisement procedures unless otherwise approved by the Chief of Engineers.

3. If negotiation, or if limited invited bidding is considered desirable, full justification for such procedure in each case will be submitted to the Chief of Engineers and prior authority for such contracting method obtained before entering into negotiations or inviting limited competitive bidding.

By order of the Chief of Engineers:

CRAIG SMYSER,
Colonel, Corps of Engineers,
Executive.

Mr. DONNELLY. I may say to the committee that I inquired of Mr. Korth, who represents the Secretary of the Army, as to whether that authority of the directive of March 16, 1951, to negotiate these contracts is continuing, and I do not know whether it is coincidental that the directive of March 7, 1952, terminating it, came out as a result of that inquiry, or whether the Corps of Engineers and the Secretary of the Army did that independently.

Mr. KORTH. I still have no direct answer to that, but I am informed that General Pick sometime in February enunciated this same policy, which was incorporated in this March 7, 1952, directive.

General HARDIN. That is correct, but I think it must also be understood that the paper which was previously introduced in the record as of March 16, 1951, reserved to the Chief of Engineers the right to issue the authority to undertake the cost-plus-fixed-fee contract, and that was only being repeated in this letter of March 7, 1952, and the letter of March 7 went one step further and said that in the future, even negotiations leading to a negotiated lump-sum or unit-price contract will only be undertaken after the authority of the Chief of Engineers is granted.

Another step of which you may not be aware is that under date of March 31, 1952, the previous authority given to our division and district engineers under the same basic Armed Services Procurement Act has been repeated to give these district and division engineers the same authority which they had before to approve awards of these negotiated military contracts, and we have gone a step further, and with the authority of the Assistant Chief of Staff, G–4, allowed them also to approve supplemental agreements in the same amount as the principal contract was set up to cover. Therefore, you can see there has been no change in the policy of the Chief of Engineers about allowing our field agencies to approve awards, but we have reemphasized under the letter of March 7 the necessity of our field agencies coming to the Chief of Engineers before they entertain the idea of using any form of negotiated procedure, whether it be negotiated unit-price, lump-sum, or a cost-plus-fixed-fee contract.

Mr. RILEY. Do I understand on a contract that was on a negotiated basis in the first place that he could extend that contract even now?

General HARDIN. Yes, by a supplemental agreement.

Mr. RILEY. What would be the necessity now of entering into a negotiated contract when there are a good many builders around who want work?

General HARDIN. Only for those special instances such as I have outlined here that existed in the Army program for the Ordnance and Chemical Corps plants.

Mr. RILEY. That would be on these technical contracts?

General HARDIN. Yes. And we have recently had an addition to our cost-plus-fixed-fee operations in this category by a directive received not more than a month ago to undertake the rehabilitation and extension of an urgently required facility for extending the tank program, a heat-treating plant for big castings.

Mr. RILEY. But this whole policy is not being followed in regard to the ordinary construction contract?

General HARDIN. It is not being used in that form of contract, definitely.

Mr. RILEY. I believe the committee would frown rather severely at the present time when there is no great emergency or rush to having negotiated contracts except in the case that you have outlined involving technical and classified information.

I think it is the feeling generally, as I interpret the thinking of the committee, that everything possible ought to be advertised and let to bid.

General HARDIN. That is exactly our policy, Mr. Chairman. When we get the opportunity that Mr. Donnelly offered me several days ago to make a statement, I will so state in the statement that I have prepared.

(NOTE.—General Hardin made this formal statement at the outset of the Army hearings, being part 3 of these hearings.)

POLICY REGARDING SPLITTING OF NEGOTIATED CONTRACTS

I should say that splitting contracts of a negotiated nature is not in accordance with our policy because it leads to difficulty with respect to claims of the contractors competing against one another for labor, for space to work, and for conflicting programing. As far as negotiated procedure goes, we do not ordinarily split the work unless it is of a completely different character at one location, so we will avoid these conflicting interests.

For instance, if you had several cost-plus-fixed-fee contracts or contractors doing the same thing in the same area, there would be difficulty in the additional cost of supervising the work.

Mr. RILEY. Your policy, then, is to have a prime contractor and let him subcontract.

General HARDIN. Yes.

Mr. RILEY. In that case, your over-all contract would be limited to $15,000,000?

General HARDIN. That they could make in the field; that is true. If it is larger than that, like some of the big jobs for Ordnance and the Chemical Corps, they have to come in for approval here in Washington.

POLICY OF AIR FORCE REGARDING COMPETITIVE BID CONTRACTS

Mr. DONNELLY. I wonder if it would be helpful to put into the record at this point the statement of Mr. McCone, the Under Secretary of the Air Force, of September 10, 1951, to the House Appropriations Committee on Military Public Works to the effect that the preparation of plans and specifications and the letting of contracts on a competitive bid basis was desirable and was the intention of the Air Force.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The excerpt is as follows:)

Excerpt from hearings of House Appropriations Subcommittee on Military Public Works Appropriations for 1952 (session of September 10, 1951), pages 31–32.

PREPARATION OF DETAILED CONSTRUCTION PLANS

Mr. SHEPPARD. One more thing I would like to have you inform me on as a matter of policy of procedure is this: With the amount of contracts that are necessary to be issued in your construction program, how much concentrated effort has been put upon having your plans precast to the degree that when you enter into negotiation you are not more or less at the mercy of the contractor? You can speak either in the present tense or in the past covering that issue.

Mr. MCCONE.[1] I would like to answer that question because I think there is a great deal of thought being given by both the Air Installations Board and the United States Army engineers to that problem. It is very gratifying to me that despite the fact that speed is of the essence in this program the planning is such that the great majority of the work within the zone of interior is now being let on

[1] John A. McCone, Under Secretary of the Air Force.

competitive bidding. The competitive bids are quite satisfactory. We get a great many bids on our work, and the prices generally are very satisfactory.

Now, on our overseas bases we do not do that. We must negotiate those on a fee basis, for obvious reasons. But within the zone of interior the planning has advanced to a point where the great majority of the work can be let on a competitive-bid basis.

Assistance to Small Business in Letting of Construction Contracts

Mr. Furcolo. Public Law 413 of the Eightieth Congress, section 2 (b), with reference to small business concerns, points out that it is the policy of the Congress to give the small business concern a fair break. Actually, is there anything at all that you are able to do to be of assistance to small business concerns in an active way?

General Hardin. Yes. I think you will find that we make every effort to break our construction projects down into elements which provide every conceivable opportunity to the small contractor to bid and to get those jobs if he can compete with the larger contractors. I say "compete with the larger contractors" because it is also our policy to advertise work in lots which a small contractor can bid on. He can bid on one lot whereas a large contractor can bid on a group of those lots and give the best return to the Government for the money expended.

To give you some idea how that is running, I have had some tabulations made of our awards on contracts for both the Army and the Air Force. I have them separately.

For instance, in the months of January 15 to March 15, I find for the Department of the Army we let 6 contracts for over $1,500,000; 4 over $1,000,000; 10 over $500,000, and 17 over $100,000.

Mr. Riley. What percentage of your total contracts in point of number would that be? How many contracts were let altogether?

General Hardin. That is the total number let in that period, Mr. Chairman. That was a total of 37.

Mr. Riley. Regardless of size?

General Hardin. In the same period, January 15 to March 15, of the total jobs which were advertised, which was 133, 5 were over $1,500,000; 5 were over $1,000,000; 17 were over $500,000; 53 were over $100,000; and, 43 were under $100,000.

I have those listed by stations and the nature of the work, if the committee would be interested in seeing that tabulation.

Mr. Furcolo. Are you indicating small-business concerns got those contracts?

General Hardin. Yes.

Mr. Furcolo. All of them?

General Hardin. They got many small contracts.

Mr. Furcolo. Would you be willing to say for the record that they got 25 percent or 50 percent or something like that?

General Hardin. They were small contracts in this respect, that the Air Force lettings in the month that I have mentioned, January 15 to March 15, of 133 contracts let, 106 were under $500,000.

Mr. Furcolo. That would give the small man an opportunity to meet the competition.

Space Utilization in Barracks

CLOSETS BUILT INTO THE BARRACKS AT AMARILLO

Mr. Donnelly. Mr. Chairman, with respect to the barracks constructed at Amarillo, I have here pictures of the closets that were built into the barracks, and the cost of the closets.

I might advise the committee that of the three services, the Navy does not have built-in closets for its personnel, the enlisted men. The Army does not, but the Air Force does in its standard barracks design.

I have here photographs of the closets that were built in in the Amarillo barracks, 10-year life construction. These closets are provided with two drawers under each closet. There are three closets to a room, and the Corps of Engineers has supplied the exact cost of the closets. They run up to $240 a room for those closets, which is $80 apiece.

Mr. Furcolo. Are they closets in addition, or do they substitute for something else?

Mr. Donnelly. They substitute for a locker.

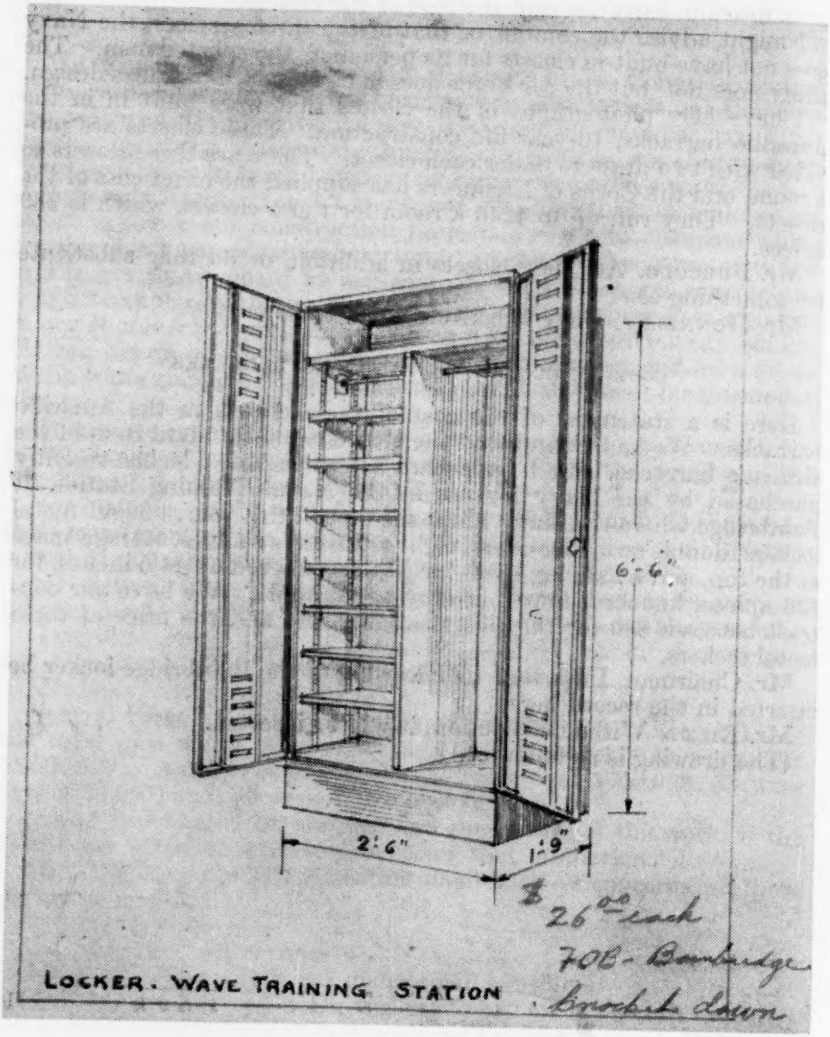
COST OF CLOSETS IN AMARILLO BARRACKS

Here is a statement of the cost of these closets in the Amarillo barracks. We understand that the closets are a standard item in the airmen's barracks, and I have here a drawing of a locker recently purchased by the Navy for use in the Naval Training Station at Bainbridge where the Navy, since the first of this year, bought metal lockers, double swinging doors, eight adjustable shelves, storage space at the top, and a hanging space for clothes on a rod 6 feet 6 inches, for $26 apiece, knocked down but easy to assemble. We have our contrast between $80 for the closets at Amarillo and the price of these metal lockers.

Mr. Chairman, I ask that this drawing of the Bainbridge locker be inserted in the record here.

Mr. Riley. Without objection, it will be inserted.

(The drawing is as follows:)


6'-6"
2'-6"
1'-9"
$26.00 each
FOB - Bainbridge
bracket down
LOCKER. WAVE TRAINING STATION

Mr. RILEY. These closets run $80 per closet?

Mr. DONNELLY. Yes, per closet. Here is the breakdown of the cost.

Mr. RILEY. It will be inserted at this point.

(The breakdown is as follows:)

Airmen's dormitories, Amarillo Air Force Base—Contract cost of built-in closets in 10-year barracks under construction in 1951

Material for closets, 28 rooms at $174 each	$4, 872. 00
Labor for closets, 28 rooms at $45 each	1, 260. 00
Total	6, 132. 00
Indirect costs (10.25 percent)	628. 53
Total cost per building	6, 760. 53
Cost per room for closets	240. 00
Cost per closet	80. 00

Mr. DAVIS. I assume these closets are for the storage of personal gear of the airmen?

General MYERS. That is right; it is clothing, equipment and personal belonings.

Mr. RILEY. I wonder how they compare in size?

Mr. DONNELLY. I have the detailed drawings for the closets here at Amarillo.

General MYERS. About 75 cubic feet inside the locker.

They are 4 feet 2 inches wide by 2 feet 1 inch in depth, 9 feet 6 inches high.

REASON FOR PLACING LOCKERS IN BARRACKS AT AMARILLO

In conceiving this type of locker, we had a lot of studies and proposed programs to provide better furniture for the rooms, which would include a chest of drawers. There was a great deal of talk about a chest of drawers and a table, chairs, and so forth, and the lockers, and we discussed with our procurement people the procurement of this furniture, and, as I remember it, at that time the budget did not provide for the procurement of that type of furniture and the lockers, and it was decided that we would build built-in lockers, which, as we designed them, would save a chest of drawers, because the drawers are provided, and they would take up a lot less room over-all in the room, and thereby save space for the man, and would eliminate the need for extra storage space in the design of the barracks.

ELIMINATION OF OTHER STORAGE SPACE IN BARRACKS

We initially had a storage room, as I mentioned before, where each man had a large bin, and there was other storage space provided in the barracks. That has since been eliminated.

Correct me if I am wrong, Colonel Marshall: There is no other storage space provided for the man in the barracks.

Colonel MARSHALL. This barracks has partitions put in the storage room, to make additional rooms, and thereby house 10 additional men.

General MYERS. Is there any additional storage?

Colonel MARSHALL. Not on those buildings.

General MYERS. That is the only storage you have for your men.

Mr. DAVIS. May I have the figures for that closet again?

General MYERS. 4 feet 2 inches wide; 2 feet 1 inch deep; and 9 feet 6 inches high.

Colonel MARSHALL. I would like to make one correction about the storage space. Some of the buildings have storage space in the basement which we were unable to convert into rooms.

General MYERS. That is right. We are eliminating all other storage space in our barracks.

Mr. MCCLOUD. There is no storage space in the present barracks.

General MYERS. There is a very small point in connection with that. These lockers are placed back to back. In adjacent rooms the lockers are back to back, and the wall that would normally be there is eliminated. There is no wall. The wall is not built into the lockers. The wall where the lockers come back to back is eliminated.

Mr. DONNELLY. At Amarillo we have here on this take-off sheet sleeping rooms, including closets, accessible from such room, 72.1 feet per man. Then we have personal storage space as a separate item of 9.9 feet per man.

General MYERS. Which has been eliminated since. That was in our original designs and has since been eliminated completely in our design, and we have converted that space in most of our buildings into room space. In other words, we have eliminated it as personal storage space.

I think this deserves a little more looking into on our part. I certainly think that the larger space for storage and for personal belongings in these lockers is desirable. I think we need to study it some more, though, as to cost, as to providing lockers or perhaps providing chests of drawers which could be used by two men.

Colonel MARSHALL. Our new design has reduced the size of that closet a little bit.

Mr. RILEY. What division do you have between those lockers, from one room to another? Is there a mere panel?

General MYERS. Yes, sir. I believe that is what the back of it is.

Colonel MARSHALL. This one is not the same as the new one. The new dormitories designed for 1952 have the lockers backed together with no wall.

General MYERS. What is between them?

Colonel MARSHALL. A plywood back. It is wood.

Mr. RILEY. Is that so designed as to give you a solid sheet of plywood, or do you have to cut it and fit it in?

Colonel MARSHALL. I do not think it would be necessary for it to be one solid piece, because I think, according to the working drawings, they could either build that of plywood or lumber, and it would not be necessary to make it in one piece.

Mr. RILEY. What I meant was: Would it be necessary to cut it into small pieces and fit it into frames back of the lockers, and so forth and so on?

General MYERS. No, sir. I have seen these, sir. They are built as units. For three lockers there might be two pieces of plywood in the back.

COMPARISON OF SIZE AND COST OF NAVY LOCKERS AND CLOSETS IN BARRACKS AT AMARILLO

Mr. DAVIS. For the purpose of comparison, then, if my mathematics is correct—which I will not vouch for—the Navy locker has 53.1 cubic feet of space, with a $26 f. o. b. cost; and the Air Force closet has about 82.4 cubic feet of space at a cost of $80 complete. I suppose the assembly and installation of the lockers would not run a great amount per unit, probably not more than $1 or $2.

Are these Navy lockers metal lockers?

Mr. DONNELLY. Yes.

Mr. DAVIS. In addition to having a lesser cost per cubic foot of storage space, they have the advantage, probably, of being more permanent, in addition to portability and being fireproof.

Mr. DONNELLY. Yes, sir. And when used in 10-year life construction, as at Amarillo, a metal locker of this type would not be completely deteriorated at the end of 10 years. It could be used elsewhere.

Mr. RILEY. It would be easier housekeeping if they were built in. That is one factor.

Mr. DONNELLY. We understand from the Corps of Engineers that the $80 per closet at Amarillo is considerably lower than other figures. Mr. Zackrison gave me figures which showed closets up to $125 apiece. The Air Force disputes those cost figures for the closets, but in any event I think if I show you the pictures of these closets at the Rapid City dormitories you can compare them quickly as to the type of finish, which seems to be superior to that used at Amarillo, and probably more expensive. [Exhibiting pictures.]

I have here, Mr. Chairman, a report from the Quartermaster General on the cost of standard Army lockers.

Mr. RILEY. It will be inserted here.

(The memorandum is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 1, 1952.

Memorandum for: Department counselor, Department of the Army.
(Attention: Mr. Korth.)
Subject: Information on cost of barracks lockers.

1. Reference your request this date for information as to costs of lockers, the following is furnished, based on advice received from Captain Matera in the Office of the General Counselor, Office of the Quartermaster General.

2. Wall lockers of the type normally furnished by the Quartermaster General for use in barracks are 72 by 18 by 24 inches in size, type I, single tier, class 1, semilouvered door, stock No. 26–L–540. A very recent procurement on February 21, 1952, of over 500,000 of these lockers resulted in a low bid of $9.29 per locker, f. o. b. contractor's plant.

3. I trust that this information answers your requirements.

JOHN R. HARDIN,
Brigadier General, USA,
Assistant Chief of Engineers for Military Construction
(For the Chief of Engineers.)

Mr. DONNELLY. I have here, Mr. McCloud, a breakdown you furnished on this matter.

Mr. MCCLOUD. Yes.

Mr. DONNELLY. It shows the Navy has personal storage space of 1.6 feet, which is the amount which is covered by these interim barracks that Admiral Jelley had drawn during the time he was testifying before the committee.

Here is the comparison which Mr. McCloud of the Air Force got up for the difference between the barracks of the three services [exhibiting document]. May this go in the record at this point, Mr. Chairman?

Mr. RILEY. Without objection it will be incorporated.

(The document is as follows:)

Dormitory area comparison, May 25, 1952

[Square feet per man in designated areas]

	Air Force, 1951, dormitories, 3-story 114	Air Force, 1952, dormitories, 3-story 198	Army barracks, 198	Navy barracks, 172-250
Sleeping areas (including closets)	72.1	72.0	72.0	73.7
Lounge space	15.0	11.2	8.4	10.5
Personal storage	0	0	0	1.6
Toilets and janitor closets	10.0	9.1	9.6	10.5
Corridors	27.0	15.7	11.4	7.2
Laundry	6.0	2.6	0	2.8
Linen	0	0	0	0.9
Stairs	11.0	3.3	4.6	5.6
Other space	0	0	0	1.0
Heat and mechanical equipment	2.0	1.2	8.8	0.6
Walls and partitions	6.0	11.8	8.0	0.6
Total	149.1	126.9	122.8	125.0

Mr. FURCOLO. The Navy is 1.6 feet.

Mr. DONNELLY. Mr. McCloud, as I understood it, these figures were taken from the interim-type design criteria which the admiral furnished, which you and I looked at; is that correct?

Mr. MCCLOUD. You mean the Navy's figures?

Mr. DONNELLY. Yes, sir.

Mr. MCCLOUD. I do not know. You gave it to me. The total was the same. It totaled 125 square feet.

Mr. DONNELLY. That is it. It is the interim-type design criteria.

General MYERS. Ten dollars a square foot.

REASON FOR NEED FOR SEPARATE ROOMS AND BUILT-IN CLOSETS

Mr. DONNELLY. On this closet point, General Myers, the Navy does not use the built-in closets nor the built-in separate rooms. The Navy used the cubicles formed in large part by lockers. The Army uses the cubicles formed in large part by lockers. The Air Force on the other hand had separate rooms in your enlisted men's barracks with built-in closets. Would you care to tell the committee why the Air Force has the need for the separate rooms and the built-in closets?

General MYERS. Yes, sir. I have a prepared statement. Would you care for me to read it, sir?

Mr. RILEY. Yes, I think we would like to hear it, General.

General MYERS. I might say that this has been the subject, of course, of a great deal of discussion. There has been a great deal of study and consideration by the Air Force, and discussion with the Office, Secretary of Defense. It has attracted the attention of Members of Congress and the Secretary of Defense himself. We have testified to it before the various committees of Congress when we have defended our public works programs. We think it is absolutely sound.

(The following was read by the witness:)

SUBJECT: WHY THE AIR FORCE REQUIRES SEPARATE ROOMS IN AIRMEN'S DORMITORIES

1. INTRODUCTION

It has been recognized since the end of World War II that with the highly specialized operations of the Air Force and the consequent extended and costly training required for enlisted men, every effort should be made to provide quarters which would improve efficiency and provide an incentive for reenlistment.

2. THE PROBLEM

(*a*) Most airmen are technically trained noncommissioned officers. There is no requirement in the Air Force for the large numbers of privates such as are required in other types of military operations. Nearly all privates in the Air Force are recruits who are students undergoing technical training.

(*b*) The technical training required for airmen is long, arduous, and expensive.

(*c*) Airmen work and study as individuals and small groups. Almost all Air Force training and operations involve round-the-clock duty and are necessarily divided up into small groups or individuals working more or less independently. Thus no uniform working or study hours can be maintained for large groups.

(*d*) Service salaries which are paid to noncommissioned officers of the Air Force are not comparable with the commercial pay which these trained technical men would be offered in private industry.

(*e*) Insufficient reenlistment is resulting in a continuous costly training load. As an example every new airman must receive a basic training course which is presently estimated to cost $735. After completing basic training, one or more technical courses are taken by airmen, each of which costs from $190 for the lowest type up to $3,975. Many of the highly trained airmen represent an investment of $10,000 in training while the average may approximate $3,000. These figures are of great importance since they represent the money lost when an airman leaves the Air Force for higher pay and it is necessary to train a new man for the job.

(NOTE.—Copy of R. and R. from DCS/Comptroller, March 7, Costs of Training USAF Students by Courses, is enclosed.)

3. THE REQUIREMENTS

(*a*) It has become evident that airmen engaged both in training and operations require suitable quarters for study, relaxation, and rest.

(*b*) These essential requirements are the proper degree of privacy and segregation.

(*c*) If our airmen are to be satisfied in their work and reenlist, then they must be provided with quarters more nearly comparable to that which a technically trained airman could provide himself outside of the Air Force.

4. THE SOLUTION

Immediately after World War II efforts were begun to find a solution to the problem by dividing mobilization-type barracks up into cubicles with plywood partitions. This solution, while helpful, was only partial since it only partially eliminated noise and light from adjoining areas. A great deal of careful study and experimental work has gone into this subject. The result is that by evolution the final and most economical solution developed is a dormitory-type building for airmen which provides separate rooms to be occupied by two to three airmen each. Since these rooms are occupied on the basis of 72 square feet per man, the building need be no larger for the same capacity than the open bay squad room type of barracks. The only additional cost of providing separate rooms is the cost of the extra partitioning and doors. When compared with the investment in the airmen occupying these rooms the extra cost is infinitesimal.

5. THE RESULTS

The results which may reasonably be expected by providing the separate room-type dormitory are as follows:

(*a*) More reenlistments.
(*b*) More career airmen.
(*c*) More efficient operation.
(*d*) A substantial reduction in costly training.
(*e*) A substantial saving to the taxpayer.

That, sir, is our honest belief on this subject.

Mr. RILEY. Off the record.

(Discussion off the record.)

DESIRABILITY OF THREE MEN TO A ROOM

Mr. RILEY. Out of your experience, do you think that you get more efficiently trained men who progress more rapidly in their training when you have two to a room, or three to a room?

General MYERS. This, also, has been the subject of a great deal of discussion, and we have conducted surveys with the unit commanders at the squadron level in the field, and surveys by questioning the airmen themselves. It has been discussed with the major commanders.

I believe that the consensus of opinion would be that the most desirable would be two men to the room, because our people like some companionship. It is relatively easy to find two people who get along together well. It is a little more difficult to find three people who get along together well.

On the other hand, I believe that to make two-man rooms would run up the cost. I am sure it would be more costly for the more rooms you have.

The proposal to have four-man rooms has been considered, and we think that when you get up to four men in general then you have more of them running in and out at odd hours, and more disturbance to the individual. We believe that the three-man rooms is probably the best, everything considered.

Mr. DONNELLY. General, the three men in a room brings you well within the 72 square feet per man which the Munitions Board has laid down as the standard, does it not, sir?

General MYERS. Under the present design of the barracks it brings us below it. It brings us to about 67 square feet per man. We have another design under way now which will provide a three-man room at exactly 72 square feet per man.

I might explain that we had our barracks designed at the time the criteria was published by the Munitions Board, and we did not know what it was going to be. We had our barracks designed with rooms of 96 square feet per man on the basis of two-man occupancy, which is 192 square feet in a room. That was based on two-man occupancy.

Rather than redo all of our plans to come to the 72 square feet per man, as against the 96 square feet per man, we simply said:

> We will build these barracks on the basis of 72 square feet per man and put two men in some rooms and three in others.

Now, we are changing that. I think that the studies that the Corps of Engineers are conducting for us now will show a three-man room with 72 square feet per man.

Mr. RILEY. That study to me is very interesting. I have had somewhat limited information in regard to that, and the information I have is that three men in a room as a rule is ideal.

General MYERS. That is the conclusion we have come to, also.

Mr. RILEY. Off the record.

(Discussion off the record.)

DOUBLE TIERING OF BUNKS

Mr. DONNELLY. General, I have a lay-out of criteria for barracks dated December 18, 1950, which I understand has been improved upon with greater space utilization, but here is a schematic lay-out of a typical room showing facilities for two men, and then again facilities for three men. It indicates that the bed for the third man is a double tier on top of one of the beds.

In this new study you are making do you encompass any double tiering or double bunking?

General MYERS. I think it will be left to the discretion of the unit commander in that case. It can be either one.

Colonel MARSHALL. At 72 square feet per man you are going to have to double bunk or else you will not have very much room for study space or chairs to sit around in the living space of the room.

General MYERS. That is right. That is why I think it will be left to the preference of the individuals.

Mr. RILEY. Do you find any dissatisfaction with the double bunk? Do the men object to using it, and want a lower bunk?

Colonel MARSHALL. So far I do not think we have run into any trouble there. I have not found any.

General MYERS. Again, I have not personally talked to any of the men about it, but there have been some surveys made. My understanding is that the consensus is that they would prefer the double bunk in the room, to get more free space in the room, rather than to spread the beds out.

POPULATION COUNT AND SPACE UTILIZATION IN NEW AIRMEN'S DORMITORIES

Mr. DONNELLY. Recognizing that if you have only two men in a room, the square-foot area per man will be considerably in excess of the 72 square feet, whereas with three men in the room it would bring it down below the 72 square feet, we asked Mr. McCloud to give us a population count of barracks which were constructed or under construction last year, so that we might show the Congressmen the exact situation on this matter of space utilization. The story is told in that column which says "Average men per room", the next to the last column; as against the 2.70 average which is the utilization at 72 square feet per man.

May this be inserted in the record at this point, Mr. Chairman?

Mr. RILEY. Without objection it will be inserted.

(The document is as follows:)

New airmen's dormitories

1952 date	Station	Completed number of buildings and capacity	Buildings, total capacity	Actual occupancy	Average men per room		Remarks
					Actual	At 72 square feet each	
Mar. 1	Andrews	8; 75	600	546	2.44	2.68	Cannot fill with full units.
Mar. 25	Great Falls	7; 75	525	540	2.75	2.68	
Do	Griffiss	None					Normal construction.
Mar. 15	Kirtland	7; 75	525	780	3.97	2.68	4 men in most rooms.
Do	O'Hare	14; 85	1,190	712	1.59	2.65	New unit (400 men) June 1952.
Mar. 25	Oscoda	1; 75	75	77	2.75	2.68	
Mar. 19	McGee Tyson	3; 85 [1]					
Mar. 25	Youngstown	None					
Do	Suffolk County	None					
Do	Niagara	None					
Do	Greater Pittsburgh	None					
Mar. 20	Duluth	4; 85 [2]					
Mar. 25	Larson	None					3 buildings under construction.
Do	Paine	3; 72	216	36	.38	2.68	108 airmen on Apr. 20; balance July 1.
Mar. 26	Kelly	4; 75	300	300	2.68	2.68	
Mar. 1	Carswell	5; 75	375	347	2.48	2.68	
Do	Castle	1; 75	75	84	3.00	2.68	
Do	Fairchild	1; 525	525	450	2.30	2.68	
Do	Gray	4; 75	300	176	1.57	2.68	Extra spaces for special mission transients.
Do	Limestone	None					1 500-man building 99 percent constructed.
Do	Lake Charles	10; 75	750	796	2.84	2.68	
Do	Rapid City	17; 75	1,275	1,369	2.90	2.68	
Do	Travis	17; 75	1,275	1,480	3.10	2.68	
Do	Westover	None					
Do	Offutt	1; 216	216	216	2.0	2.0	SAC barracks.
Mar. 20	Wichita	28; 75	2,100	1,893	2.42	2.68	Extra space used for other purposes for which facilities not built.
Do	Pinecastle	14; 75	1,050	65	.16	2.68	Base not active; no airplanes.
Do	Big Spring	18; 85	1,530	1,512	3.00	2.65	
Do	Amarillo	192½; 75	14,437	6,592	1.22	2.68	Extra spaces used for other purposes. Many vacant rooms.
Do	Chanute	24; 75	1,800	3,072	4.54	2.68	Overcrowded.
Do	Keesler	13; 114	1,482	1,470	2.78	2.72	
Do	Lackland	36; 114	4,104	4,032	2.66	2.72	
		101; 75	7,575	7,182	2.53	2.68	
		21 and 28	588	612	1.04	1.00	OCS housed—1 to a room.
Do	Scott	None					
Do	Sheppard	None					
Do	McGuire	None					

[1] Completed except utilities; not occupied.
[2] Completed except for utilities. Frost in ground prevents completion.

Mr. DONNELLY. This shows what the actual count was, counting noses, on the dates indicated, in the first column, and we find, for example, down near the bottom, at Chanute Air Force Base, 4.54 men in a room, which is an overcrowded condition. Then we look at the entry next preceding, which is Amarillo, and that is the one where they built barracks in a hurry, and even at this time, a year later, only 1.22 men per room are shown. By "a year later" I mean a year from the time they started the contract.

General MYERS. The question is, Why does that occur?

Mr. DONNELLY. I think the Amarillo story will be told by General Disosway.

General MYERS. Yes, sir; and the Chanute story also.

Mr. MCCLOUD. That, of course, is the worst condition we have—at Amarillo.

Mr. DONNELLY. These other counts pretty well support the theory that the Air Force is observing the 72-square-feet-per-man figure.

General MYERS. Not in every case.

Mr. MCCLOUD. There is an explanation for them. Are you looking at O'Hare? That new unit of 400 men is due in June.

Mr. RILEY. Some of these installations have just been made available?

Mr. DONNELLY. Yes, sir. These were under construction last year.

General MYERS. Would you like us to try to explain this, sir, or some of the reasons for it?

Mr. DONNELLY. Yes, to the extent that you want to make any comment or explanation.

General MYERS. May I say that our construction has been based on the programed load and as nearly as we can estimate it, the actual number of men we have to have. Changes in the program, particularly in the training program, as has been pointed out before, have resulted in overbuilding in some of our bases and in other cases we do not have the construction complete when men are already there and in still other cases we have the construction complete before the men arrive.

Mr. MCCLOUD. If you will run down the list of these: Take the first one, Andrews Field, is very close to the 2.70 average. The only reason it is not filled up to its capacity is because there are not sufficient extra spaces to put in a complete unit of troops. They need two more buildings completed before they can house a full unit. That is the reason there are only 546 men there with a capacity of 600.

General MYERS. I can say something about Andrews Field. I have been out there and went through all of those barracks, recently. Mr. Hardy conducted an investigation of Andrews. The temporary barracks are greatly overcrowded awaiting completion of the permanent barracks.

Mr. MCCLOUD. That is true.

General MYERS. They have the men jammed in just as tight as they can get them. In some cases there are three tiers.

Mr. MCCLOUD. In the case of Great Falls they are just about equal to the capacity.

Griffiss is not completed.

Kirtland is overcrowded. There are four men in most of the rooms at Kirtland. Additional barracks are under construction there.

At O'Hare we are well under. There are less than two men per room, the reason being that the second unit is not there yet. They are due in June.

Oscoda is just about up to capacity.

There is nothing more completed until we get down to Paine. Paine is far under capacity. Those barracks are completed, but they only have a housekeeping detachment there at the present time. One hundred and eight additional men are due on April 20 with the balance to fill it up to capacity on the 1st of July.

Kelly is exactly up to its capacity.

Carswell is just a little under.

Castle is slightly crowded. They are in on the basis of three to a room at Castle.

Fairchild is slightly under.

Gray has considerable extra spaces, but they are needed for special-mission transient airmen, who are sent there for special training. It is a classified base and they take special training and stay there for 2 or 3 weeks at a time and they have to have extra spaces there for these boys when they come in on temporary duty.

Lake Charles is slightly over.

Rapid City is slightly over.

Travis is just above three per room.

At Offutt they have a special type barracks. That building is the SAC-type barracks and they are designed for two to a room.

Mr. DONNELLY. That is a barracks with metal siding; is it not?

Mr. MCCLOUD. That is correct. Wichita is well under. That is one of the training bases. They are using some of the extra spaces for other purposes, for which the facilities are not yet built, but it is on the basis of about 2.4 rather than 2.7.

Pinecastle is way under its capacity, because it only has a housekeeping detachment and the reason is that there are no airplanes to begin their training program with, which has been set back due to the late delivery of the particular type aircraft that they need.

Big Spring is just about right.

Amarillo we have discussed. That is the worst we have.

Chanute is the worst case the other way, more than four to a room at Chanute. They are way overcrowded there.

Keesler is just slightly over.

Lackland is just slightly under. There is one special case at Lackland. You will notice the third group of barracks at Lackland; that is a standard barracks, but they have officer candidates there. They are just slightly above one to a room. They try to give those boys a single room.

General MYERS. That is an indoctrination center. This does not include the students, except the OCS.

Mr. MCCLOUD. The others are in standard barracks.

The one at Fairchild is a 525-man barracks. That is still standard, but they are connected together in such a way that it is actually a single building with a mess hall included. That is just a special arrangement of our 75-man building.

MONDAY, APRIL 7, 1952.

Mr. RILEY. The committee will come to order. We will ask Mr. Donnelly to proceed.

Mr. DONNELLY. On Friday General Disosway had an engagement to appear before Congressman Vinson's committee, and this committee excused the general until this morning. The general will testify, I understand, on the impact of the changes in the training program on the construction at Amarillo, Camp Parks, Sampson, and Sheppard Air Force Base hospital.

General Disosway, we have covered the construction operation at Amarillo and Camp Parks. At this time I would like to invite the committee's attention to the situation at Sampson Air Force Base.

(Discussion off the record.)

Sampson Air Force Base

BACKGROUND OF THE BASE

General Disosway. As background on Sampson, before we go into it, we were faced with a problem of having only one station to take in the volunteers. The installations people went to the Navy, to the Army, and we looked over all our own bases, trying to find one which was suitable for this job.

After negotiations with the Navy, they agreed to give us Sampson Air Force Base. It appeared that this base could be put in operation faster than any other one within the United States which was available, so it was taken. I believe it was about November, was it not?

General Myers. It seems to me it was.

General Disosway. And a contract was let for rehabilitation.

Mr. Riley. November 1950?

General Disosway. 1950; that is right.

Mr. Donnelly. Yes, sir. The first contract for rehabilitation was December 28, 1950.

General Disosway. That is right. And we planned to put students in there on January something under the original program, and actually did start putting students in there in February. When we first started to get the base——

Colonel Kroeber. The students were April 1, sir, when we first started. Up to the 3d of January. When we gave the original directive for the Engineers the students were for the 1st of April, 90 days after we started.

General Disosway. That is after all the negotiations were finished.

Colonel Kroeber. On the 3d of January we got a directive to be ready the 1st of February to take students in.

General Disosway. The 1st of February?

Colonel Kroeber. Yes; the 1st of February.

General Disosway. That is what I said. You said the 1st of April. We actually put students in on the 15th of February.

General Myers. Yes.

General Disosway. So that was the situation on Sampson. We did start putting students in as fast as the facilities would permit us when they were rehabilitated. The build-up immediately went to its maximum load.

Mr. Riley. What is the mission of Sampson Air Force Base?

General Disosway. It is an indoctrination training base. I believe that is about all I can add on this. The rest of it seems to be on the types of contracts, and who let the money, and what not, which these other gentlemen will have to answer.

Mr. Riley. I believe you set up three indoctrination training bases; is that not right?

General Disosway. That is correct, sir.

Mr. Riley. One on the Pacific coast?

General Disosway. Camp Parks.

Mr. Riley. Is it being used now?

General Disosway. Yes, sir; students are in there now.

Mr. Riley. They are all activated?

General Disosway. Yes, sir.

STAFF SUMMARY OF SITUATION AT SAMPSON

Mr. DONNELLY. Mr. Chairman, may there be inserted in the record at this point the summary of the situation at Sampson Air Force Base, written by the committee staff?

Mr. RILEY. Without objection it will be inserted in the record at this point.

(The document is as follows:)

SAMPSON AIR FORCE BASE, GENEVA, N. Y.

Four major contracts have been awarded at the Sampson Air Force Base, Geneva, N. Y., for rehabilitation work and new construction under which total expenditures will exceed $25,000,000.

The first rehabilitation contract was awarded December 28, 1950, to the Five Boro-Malan Construction Co., of Brooklyn, N. Y., on an advertised unit price basis at an estimated cost of $2,677,676. It appears that this single contract covered all rehabilitation work then desired by the Air Force. Only 6 days after the award of this contract (January 3, 1951) the corps informed the contractor of a drastic shortening of the completion time originally specified, the increased cost, of course, to be covered by a formal change order. Soon after work began it was found that the original project specifications (prepared by the corps) were completely inadequate and did not include many items (approximately 150) essential to the project which had been overlooked due to a lack of time for a thorough examination of the existing buildings.

Contract changes resulting from the inadequacy of the specifications plus unlimited overtime for all classes of workmen resulted in a heavy overrun of expenditures; in about 6 weeks total costs increased to about $5,500,000. The matter was then completely out of hand and the district engineer recommended to the Chief of Engineers on February 13, 1951, that the contract be terminated for the following reason.

"3. The work has now progressed on the site to such an extent that it has been determined that the existing condition of the buildings, mechanical and electrical work is such together with additional work due to expedited priorities required by the Air Force as to make the contract as now constituted inoperative due to the work varying from the descriptive units and the quantities far exceeding the intent of the contract. It is now estimated that the work has increased from $2,677,676 under the original contract to about $17,000,000. It has therefore been determined that it is in the best interest of the Government that the work be terminated for the convenience of the Government and the work remaining uncompleted after the effective date of termination completed under a cost-plus-fixed-fee contract."

The contract was terminated February 23, 1951, and settlement is now being negotiated on a time-and-material basis which, in effect, places it on the same basis as a cost-plus-fixed-fee contract without the benefit of the usual safeguards.

A substantial part of the high cost of this first contract can be attributed to overtime. The long hours worked made possible very large earnings by the workmen. Immediately after January 3, 1951, the job was placed on a 60-hour week and at times certain trades worked even longer hours. Payrolls show that plumbers and steamfitters, during the week ending February 11, 1951, averaged about 70 hours' working time and that their earnings ranged from $275 to $316 a week before deductions. This trade receives $2.75 an hour for straight time and $5.50 hourly for all overtime. Payrolls show that a steamfitter foreman was credited with working 91½ hours during the week ending February 11, including one continuous 22½-hour period of duty on a Sunday. His earnings for this week before deductions, totaled $429.

Carpenters during this period averaged about 65 hours a week and earned from $210 to $275 a week. Area foremen for the plumbing and pipefitting trades made from $350 to $400 a week, the time worked averaging about 75 hours. Payrolls also show that the practice of working Saturday and Sunday and laying off on other days, usually Monday and Tuesday, was widespread.

The termination has created a number of troublesome problems. For example, the termination inventory of construction materials and tools totaling $1,060,467 includes about $200,000 of plumbing supplies which the corps regards as being owned by the contractor and not the responsibility of the Government.

Also in dispute are the salaries to be allowed administrative employees. The contractor has submitted payrolls which purport to show payment of the following weekly salaries: Two men at $1,000, one at $600, two at $500, one at $300, two at $250, one at $175. It is understood that the corps is taking a firm stand with respect to these salaries.

The terminated contract was followed by a $12,000,000 cost-plus-fixed-fee contract inaugurated without a break in construction which was awarded February 20, 1951, to a contracting firm set up especially for the project called the Sampson Air Force Base Constructors. This firm was composed of the Five Boro Construction Co., which was associated with the Malan Plumbing Co. on the first contract, the Cauldwell-Wingate Construction Co., and J. A. Johnson Co. The Malan Plumbing Co. was given a cost-plus-fixed-fee plumbing and pipefitting subcontract under the new contract.

This contract was prosecuted on a rush basis to meet occupancy deadlines established by the Air Force. Records show that $6.4 million was spent for straight time and $2.6 million for overtime.

This cost-plus-fixed-fee contract was followed by an advertised unit-price contract for rehabilitation under which the total cost will be $2,404,000, and a $6,000,000 unit-price contract for barracks and other buildings.

The staff estimates that some $3,500,000 to $5,000,000 was spent in expediting the work at Sampson Air Force Base in order to obtain occupancy at dates earlier than originally planned. It is said that this was done because of the publicity attending the crowding and unhealthy conditions at the Lackland Air Force Base, San Antonio, Tex. At that time, it appeared that the Air Force strength was expanding more rapidly than the troop housing capacity. The staff is unable to comment on the over-all planning as, for example, whether facilities elsewhere could have been utilized so as to permit construction work at Sampson to proceed at a normal pace.

The files examined by the staff failed to reveal any correspondence between the Air Force and the corps regarding the speed-up of the project. The requests for changing priorities seem to have been oral. No correspondence has been found in which the corps advised the Air Force of the cost of expediting the project. It appears that the pressure for troop housing was so imperative that the question of the additional cost was completely lost sight of.

Overpurchasing of materials also has occurred under a cost-plus-fixed-fee contract for the rehabilitation of a portion of the Sampson project. All construction work under this contract was terminated June 22, 1951, and an inventory of the materials and small tools on hand was taken July 14 and 15 which showed the following stocks:

General construction materials	$586,440
Plumbing, heating, and refrigeration	1,538,336
Electrical materials	233,671
Total	2,358,447

Corps representatives agree that excess quantities of material were purchased; however, an effort is being made to dispose of this huge stock of materials by shipments to other Air Force projects, mainly overseas bases. Materials worth $317,000 have been transferred on a reimbursable basis to a unit price contract with a New York contractor for construction of new barracks at the Sampson Air Force Base.

Mr. RILEY. General Disosway, did I understand you to say that students were actually started at Sampson in February of 1951?

General DISOSWAY. That is correct, sir.

CHANGE FROM ORIGINAL UNIT PRICE CONTRACT TO COST-PLUS-FIXED-FEE CONTRACT

Mr. RILEY. Shortly ater that, then, this original contract was cancelled and a new cost-plus-fixed-fee contract was entered into with these five construction companies; is that right?

Colonel KROEBER. There were three construction companies involved, sir.

Mr. RILEY. Three?

Colonel KROEBER. The John A. Johnson Co.; Cauldwell-Wingate; and the Five Boro Construction Co.

General MYERS. And then the Malan Plumbing Co.

Colonel KROEBER. They acted as subcontractor for the plumbing job.

Mr. RILEY. The original contract had been extended before that. Was that on unit prices?

Colonel KROEBER. The original contract was let on a unit-price basis. These were the specifications for the original contract.

Immediately, when we started to work on the job, it was found that the unit-price contract was totaly inadequate to cover the actual situation. These specifications had been prepared on the basis of approximately a 1-week survey at Sampson by the engineers. At that time, looking superficially at the station, within the time which was available, without making any detailed technical check of the plumbing systems particularly, and the nature of deterioration of the structures generally, the condition of the station looked pretty good. The piping system seemed to be all right. The pipes were well covered. The exposed sections of the piping looked sound. Everybody thought it was a minor rehabilitation job so far as the plumbing was concerned.

DEFECTS FOUND IN THE CONSTRUCTION

The structures looked very solid. When we started this work on the 3d of January it was immediately apparent that we had much more work on our hands than anybody had figured on. The water was put in the piping, and the joints disintegrated. We found much of the covered piping was steel piping, particularly, which looked sound on the exterior and actually was black steel pipe. Much of it was second hand when it was originally installed there on a Navy contract in 1942, and the piping was completely shot, entailing a great bit of plumbing.

The boiler plants, which looked sound, proved to be cracked by freezing, because they had not been drained on the deactivation in 1946. Many subterranean boiling plants had been completely flooded because the sump pumps had been shut off and the high water table had caused the flooding.

The structure and the framing in most instances had dry-rotted at the base, which was not apparent by a superficial inspection, but when we started tearing off some of the siding from the building we found that the bottom of the framing had rotted.

Typical of some of the instances we ran into was the mess hall floors. Looking at it superficially the decks, which were concrete, looked sound. They were level. There were some cracks, and the surface was slightly spoiled. To protect against that spoiled condition we specified 2 inches of the deck to be chipped off and replaced with good concrete. When we started chipping the hammers started going right on through the floor, and it was in poor condition. We found 15 inches under there that had to be removed, taking with it all the soil and piping underneath, thereby necessitating completely ripping out the concrete deck and replacing the fill and replacing the piping underneath.

NEED FOR CHANGE IN SPECIFICATIONS TO COVER REHABILITATION REQUIRED

All of these conditions were not covered in these specifications, and consequently the specifications were totally inadequate to cover the rehabilitation job as it developed.

As the specifications were originally set up, they specified completion dates of from 60 to 150 days from the start of the job.

DISCUSSION OF ACCELERATION OF COMPLETION DATE

On the 3d of January—rather, on the 21st of December, when the bids were opened in New York, I proceeded with the bid opening, and already had instructions that we would have to speed the job up beyond the concept of these particular specifications. At that time we were shooting for initial occupancy of it March 1. That was on the 21st of December.

As soon as the contracts were opened we found out who were the low bidders, which in this case was the Five Boro-Malan, and we had to call the contractor in to advise him that there would be a necessary speeding up of the initial completion date from 35 to 60 days on that which he was bidding. The contractor immediately said:

"Are you going to pay me for this speed-up?"

We agreed at that time that he would be reimbursed for such additional expenses as he would incur, and included in it the speeded procurement in order to accomplish that. That was on a broad basis.

The agreement was made and the contractor was asked to proceed immediately to Sampson to look over the job and make a plan of what it would take to expedite that job, to see if he could possibly condense his completion date, and advise us about the first week in January what it would take and what his plan was.

We met at Sampson again on the 3d of January, and at that time received instructions from headquarters that due to the condition at Lackland the completion had to be further accelerated in such a way as to take students in at the beginning of February. We had a big meeting at that time, with all the representatives of the contractor, the district engineer, the Training Command, and our headquarters, and we tried to formulate an approach on how we could do the job.

That particular approach was firmed up in an agreement, a copy of which I have here, which we laid out, on what we would reimburse the contractor for.

I have here before me, dated January 3, 1951, the minutes of a meeting held at Sampson, which was signed by representatives of the district engineers, myself, the base commander, the then base commander at Sampson, and the contractor's representatives, by which it was agreed that the prime contractor was given new priorities, and those priorities were definitely spelled out. We prepared maps showing all the buildings that had to be completed at certain dates, and prepared schedules of their completion. The contractor was told that the contracting officer would pay by change order all the premium labor and material rates involved in compelting work under priority 1. That was the priority which had to be completed from February 1 to 10. This was made necessary by the Air Force requirement for manning this station at an earlier date.

The labor premium time is understood to include all the labor cost in excess of the labor cost figured by the prime contractor in his bid; that is, five 8-hour days plus 2 days at time and a half.

The contractor was further advised that we would pay him for the procurement of materials which were necessary on an expedited basis. It was necessary to fly in some materials that would otherwise have gotten in by normal procedures.

Mr. RILEY. What proportion of this original contract, Colonel, was the contractor able to complete in view of the deteriorated condition which you found after you got into the rehabilitation program?

Colonel KROEBER. The contractor was actually able to meet phase 1 on schedule, that we had established at this accelerated figure.

That is one point I would like to make very clear, gentlemen. There has been lots of publicity about this $2,677,000 contract having mushroomed to $6 million, and of the attendant waste and overtime.

The contractor was faced on the 3d of January with this problem. He then had about 15 men at Sampson on the 3d of January. We threw at him a schedule for completion which he had originally planned for anywheres upward to 90 days. We threw it at him to be completed in 30 days. He had to recruit men in a hurry. He found out he had much more work on hand than he had bargained for, even on the 90-day completion schedule. That meant that he immediately had to go to New York and procure large numbers of men, somewhere in the neighborhood of 800 steamfitters and plumbers. In order to get those men he had to offer wages higher than they were getting at New York at the particular time, which resulted in the overtime rate. He had to get the materials delivered in a hurry.

He completed this first phase of the work on schedule, and on the 10th of February turned over to us operational messes and barracks, and enabled us to take the first inductees in at Sampson.

I was up at Sampson during that period of time almost every 2 weeks, and watched the progress very closely. I must say that the people who were on that job performed and performed well. While they were being paid high wages, they worked for them.

On the night of just prior to the 10th of February we had a 5,000-man mess hall to be turned over. I was in the mess hall at the time. The contractor's personnel had worked three days and three nights straight through.

One of the contractor's concrete foreman collapsed on the job, and had to be taken to a sanitarium. I believe, to the best of my knowledge, he is still in the sanitarium. He lost his mind.

Three of the contractor's foremen had to be taken off the job, because they were on the verge of collapse. All the contractor's officials had worked straight through.

We had a flu epidemic at the same time. It was cold. There was no heat in those buildings, but the people worked, so we did get performance for the money paid on that particular phase.

QUALITY OF WORK DONE UNDER ACCELERATED SCHEDULE

Mr. RILEY. Is the work that they accomplished usable? You did not have to go back and do it over again, did you?

Colonel KROEBER. Yes, sir. The work per se was usable. You must keep in mind that it was emergency work. Much of it was the minimum work to make the facility available.

In other words, we did not go into niceties. We tried to get windtight buildings and watertight buildings. We tried to get heat and water. Much of the supplies were unavailable to complete the job, but we did get buildings that were habitable, and nobody suffered a hardship of not having heat and not having sanitary facilities in those buildings.

Mr. RILEY. When you found you had to go into this major rehabilitation program, did you have to tear out any of the work this original contractor did and rehabilitate the rehabilitation work he had done?

Colonel KROEBER. No, sir; not except where we put in the temporary facilities. For instance, we had the installation there of the temporary steam lines, to get heat in the buildings. We had to do that, because we could not get the steam boilers in. Such temporary work had to be replaced with the permanent steam lines.

But the work which went into the buildings was generally of a good nature and could be kept. It did not have to be thrown out again.

General MYERS. Mr. Riley, may I interpose there? Colonel Kroeber is from the Office of the Director of Installations and was project officer on this job. We recognized the importance of the job, and he spent practically his entire time between our office and Sampson in watching out for the Air Force interests, and giving the necessary Air Force directives on it.

Mr. RILEY. We are glad to have Colonel Kroeber here with first-hand information and personal knowledge and observation.

ULTIMATE COST OF REHABILITATION PROJECT

What did the original bid contract expand into in dollars?

Colonel KROEBER. I believe, sir, it expanded up to about $6 million which was the last figure I had heard. I would like to have that verified by a gentleman from the corps. At least $6 million was set up at the time of termination of the contract, to settle out the contract. I do not know what the final settlement figure was.

General HARDIN. You are speaking of this contract?

Colonel KROEBER. The Five Boro original contract.

General HARDIN. I thought the chairman's question was for the over-all.

Mr. RILEY. No; the original contract. It expanded into what dollar figure? In other words, this contract expanded somewhere to the neighborhood of $6 million, in view of the fact that you had more work there than you had anticipated, and you canceled this out and made a new contractual engagement with a new set-up.

Colonel KROEBER. Yes, sir; there were two factors in there.

Five Boro-Malan, of course, was a relatively small company. This was the largest job they had handled. In order to handle the field work they hired a superintendent who was a contractor in his own right, and a very competent man. He handled the field work entirely separate from the administrative set-up that Five Boro had. It developed very shortly that the administration of Five Boro was extremely weak. Their administrative procedures were not at all geared to the speed and volume of the job, and the bookkeeping procedures were very poor. So it became apparent to Colonel Ketchum, the district engineer at the time, and to all of us watching the job, that

something had to be done and had to be done quickly in order to keep this job from getting completely fouled up from the administrative end.

There was another factor. Of course, it became apparent that the job was mushrooming rapidly, and the cost was going up, and our estimates at that time ran somewhere in the neighborhood of $10 to $15 million, possibly more, to do the rehab.

I would like to state, too, that when this contract was initially let we were thinking only in terms of a 20,000-man occupancy and partial rehabilitation of the station. By February it became apparent that we had to rehabilitate the entire station. In other words, the scope of the job expanded.

Not only that, but it also became apparent that we had to rehabilitate the hospital complex, which heretofore had not entered into this at all. The hospital at Sampson was a 1,500-bed hospital, which was still occupied by the State, but it required extensive work.

The scope greatly extended, to the neighborhood of somewhere around $20 million, possibly. In additon to that, we were thinking of certain new construction, and the authority was being then requested in the bill before Congress.

That made a total estimated construction volume up there of approximately $30 million. With that in mind the district engineer then proceeded to negotiate with a new contractor for the CPFF contract, having in mind to complete the job, which was much larger, and also to do it with new construction on a CPFF basis, to avoid having two separate contractors working side by side.

That was the reason for going into the new CPFF contract with John A. Johnson and Cauldwell-Wingate. Five Boro was kept in this combine because of their excellent field performance on the first phase. Primarily Malan carried over the plumbing work and was geared and set up to do it, and it was felt in the best interests of the job to keep them on in order to carry that particular portion of it out.

Mr. RILEY. How much has been expended up to now on the whole project? Do you have those figures?

General HARDIN. We do not have that figure.

Colonel KROEBER. Approximately $22 million was the total authorization for the job, sir. That was the last figure.

Mr. RILEY. How much more work is contemplated; or is the job completed now?

Colonel KROEBER. To all intents and purposes, sir, the job is to be completed under that $22 million authorization.

Mr. RILEY. But you do not have the figures to show the expenditure up to date. There is still some unexpended money; is that right?

Colonel KROEBER. I am not familiar with the status of the obligation at this stage, sir.

General HARDIN. I do not have those figures. I can get them very promptly, this afternoon.

Mr. RILEY. All right. I should like to have those figures inserted, if you please.

(The information was placed in the record on the last day of the Air Force hearings, at p. 389.)

EBNEFIT OF ACCELERATED CONSTRUCTION AT SAMPSON TO INDOCTRINATION AND TRAINING PROGRAM

Mr. RILEY. General Disosway, I have one more question. Do you think that the work at Sampson, under this accelerated program, was beneficial to the Air Force in the indoctrination and training of new men?

General DISOSWAY. Yes, sir.

Mr. RILEY. Do you think that you were able to start your training program at an earlier period as a result of taking over Sampson, rather than going into an entirely new construction program?

General DISOSWAY. I do not know how much it speeded it up, but I imagine it was on the order of 6 months of rehabilitating this instead of building the new one.

General MYERS. At least 6 months; yes, sir. Of course, in spite of the high cost at Sampson the job is much cheaper to have it than to build the same facilities with new construction.

DOLLAR VALUE OF INSTALLATION

Mr. RILEY. Well, since you mention it, General, you propose to spend altogether about $22 million here; and what is the value of the property there in your estimation now?

Colonel KROEBER. The replacement value, sir, is $114 million today.

(Note: Corrected estimate of replacement value is $145,000,000. See p. 104.)

Mr. RILEY. This facility has been deeded to you by the Navy and is owned absolutely by the Air Force?

General MYERS. That is right.

Colonel KROEBER. It has been transferred to the Air Force; yes, sir. The facility was built in 1942 at a total contract cost to the Navy of $54 million. That did not include the real-estate acquisition and all the other indirect cost.

It was estimated by the Bureau of the Budget inspector going up there, whose report I have before me, that the original cost to the Government of that facility was somewhere in the neighborhood of $84 million. The current valuation, deducting obsolescence, is that it would cost probably $114 million to replace the installation.

RELATION OF REHABILITATION COST TO NORMAL MAINTENANCE COST EXPECTANCY

I would like to mention here for the record that it is commonly accepted practice that an installation requires approximately 3 percent of its valuation to maintain it on an even level of maintenance per annum. Assuming a $100 million valuation, or a $110 million valuation, that 3 percent would involve approximately $3.3 million. The installation has been lying idle for 5 years, during which time it did not receive any maintenance whatsoever; so, therefore, there was a justifiable expenditure there of approximately $17 million in normal maintenance.

In addition to that, the installation has greatly deteriorated because it was not repaired at all; nothing was done on the job for inactivation. The people simply walked off the place.

There was nothing done to pickle the installation, put it on a stand-by basis, and consequently deterioration was even worse than under normal procedures. So that the $20 million expenditure for rehabilitation is pretty much in line with what you could expect under normal procedure.

There is another way of looking at it. There are over 8 million square feet of building space, gross building space up there. It has been found by various agencies and accepted by the Bureau of the Budget that in this day and age it takes roughly somewhere between 50 to 70 cents per gross square foot of building space to maintain an installation. That takes all your maintenance costs into consideration. Eight million times 50 cents—taking that figure—would make $4 million per annum maintenance cost which should be put into the installation to keep it at a level of maintenance. Maintenance having been not performed for 5 years leaves a deficiency of roughly $20 million. So again the $20 million expenditure for rehabilitation is in line with what you could expect under normal circumstances, for the period during which Sampson was not maintained.

Mr. RILEY. In your opinion, what is the life of this installation as presently constituted, with normal maintenance?

Colonel KROEBER. I believe Sampson should be good, with normal maintenance—and it is going to be expensive maintenance because of the nature of the installation—for anywhere up to 15 years, 15 or 20 years.

Mr. RILEY. Thank you. Mr. Furcolo, have you any questions?

REASON FOR NEED OF CHANGES AND ADDITIONS IN SPECIFICATIONS

Mr. FURCOLO. On the first page of this statement you say that in the original project specifications prepared by the corps many items were not included, approximately 150. To me, as a layman, that sounds like a pretty high figure, but I am frank to admit that I do not have the faintest idea whether that figure is disproportionate or not. I do not know how many items are covered in such a project. Is that a high figure or is it not?

Colonel KROEBER. I have the specifications before me, the original specifications. In an installation of that size, with the number of buildings and the amount of utilities, that would be a very low figure even under normal circumstances, because so many things could not be foreseen. For instance, in the specifications, when we start off, there was an item for wallboard. An item was put in for so many square feet of half-inch wallboard.

Now, when we got there, we found that the Navy in the rush of construction in 1942 had used everything that they could lay their hands on. In one room you would find four different thicknesses or wallboard. That made it very difficult to replace them and it created additional items. Doors and windows were of all conceivable sizes. There were no two standard windows in any one building.

Mr. FURCOLO. May I ask you this? If there were approximately 150 items that had been overlooked for one reason or another, how many items would there be that had not been overlooked? Would the figure be 150 or 5,000 or 50,000? If you can tell me that, then I can get some idea about the significance of this figure of 150.

Colonel KROEBER. Mr. Kurtz, would you look at these specifications for a moment?

Mr. KORTH. You will recall that a moment ago you asked how many items were in the specifications. By count, 1,114.

Mr. DONNELLY. Here are the payrolls, Mr. Chairman. May they be inserted in the record at this point.

Mr. RILEY. Without objection they will be inserted here.

(The payrolls are as follows:)

Five Boro-Malan Construction Corp. payroll

PERIOD ENDING FEB. 3, 1951

Name and occupation	Earnings		Deductions				Net pay
	Rate per week (regular time)	Total	Federal old age	Withholding tax	New York disability	Total	
Arnold Kagan: President, construction corporation; general policy determination, charge of subcontracts, corporation liaison with U. S. Government on job	$1,000	$1,000	$15.00	$168.50	$0.30	$183.80	$816.20
Sid Feldman: Vice president, construction corporation, general policy determination, charge of subcontracts, general manager, plumbing and heating, corporation liaison with U. S. Government on job	1,000	1,000	15.00	170.80	.30	186.10	813.90
Nathan Cohen: Secretary of construction corporation, charge New York office in conjunction with Irving Feldman, charge of purchases and expediting of general construction materials and supplies	600	600	9.00	101.10	.30	110.40	489.60
Edward Feldman: Assistant project manager in charge of plumbing and heating and purchase of plumbing and heating materials and allocation to sites, progress schedules re plumbing and heating	500	500	7.50	80.80	.30	88.60	411.40
Total	3,100	3,100	46.80	521.20	1.20	568.90	2,531.10
Hyman J. Feldman: Assistant project manager in charge of plumbing and heating, supervision of field operation plumbing and heating	500	500	7.50	88.40	.30	93.20	406.80
Sol Feldman: Assistant office manager New York branch office, assistant purchasing agent and expeditor of plumbing and heating materials	250	250	3.75	40.40	.30	44.45	205.55
Irving Feldman: Treasurer of corporation in charge of New York branch office in conjunction with Nathan Cohen, charge of purchases plumbing and heating	250	250	3.75	38.10	.30	42.15	207.85
Nathan Prashker: Assistant secretary of corporation in charge of finances, liaison with banks, etc	200.00	200.00	3.00	33.70	.30	37.00	163.00
Robert J. Frankel: Resident counsel, administrative representative in charge of subcontracts, labor relations, and other legal matters	300.00	300.00	4.50	47.10	.30	51.90	248.10
Raymond Borg: Office manager in charge of office personnel and operations	175.00	175.00	2.63	20.00	.30	22.93	152.07
Total	1,675.00	1,675.00	25.13	204.70	1.80	291.63	1,383.37
Frank A. O'Hare: Project manager	300	300	4.50	47.10	.30	51.90	248.10
Joseph Henrichs: Assistant project manager in charge of progress schedules and general construction purchase orders subcontracts	300	300	4.50	49.40	.30	54.20	245.80
William J. O'Hare: Assistant project manager in charge of general field operations	300	300	4.50	49.40	.30	54.20	245.80
Total	900	900	13.50	145.90	.90	160.30	739.70

Five Boro-Malan Construction Corp. payroll—Continued

FEB. 10, 1951

Name and occupation	Earnings		Deductions				Net pay
	Rate per week (regular time)	Total	Federal old age	Withholding tax	New York disability	Total	
Arnold Kagan: President construction corporation, general policy determination, charge of U. S. Government on job	$1,000	$1,000	[1] $21.00	$168.50	$0.30	$147.80	$852.20
Sid Feldman: Vice president construction corporation, general policy determination, charge of subcontracts, general manager plumbing and heating, corporation liaison with U. S. Government on job	1,000	1,000	[1] 21.00	170.80	.30	150.10	849.90
Nathan Cohen: Secretary of construction corporation, charge New York office in conjunction with Irving Feldman, charge of purchases and expediting of general construction materials and supplies	600	600	9.00	101.10	.30	110.40	489.60
Edward Feldman: Assistant project manager in charge of plumbing and heating and purchase of plumbing and heating materials and allocation to sites, progress schedules re plumbing and heating	500	500	7.50	80.80	.30	88.60	411.40
Total	3,100	3,100	[1] 25.50	521.20	1.20	496.90	2,603.10
Hyman J. Fedlman: Assistant project manager in charge of plumbing and heating, supervision of field operations, plumbing and heating	500	500	7.50	85.40	.30	93.20	406.80
Sol Feldman: Assistant office manager New York branch office, assistant purchasing agent and expeditor of plumbing and heating materials	250	250	3.75	40.40	.30	44.58	205.58
Irving Feldman: Treasurer of corporation in charge of New York branch office in conjunction with Nathan Cohen, charge of purchases plumbing and heating	250	250	3.75	38.10	.30	42.15	207.85
Nathan Prashker: Assistant secretary of corporation in charge of finance, liaison with banks, etc	200	200	3.00	33.70	.30	37.00	163.00
Robert J. Frankel: Resident counsel, administrative representative in charge of subtracts, labor relations, and other legal matters	300	300	4.50	47.10	.30	51.90	248.10
Raymond Borg: Office manager in charge of office personnel and operation	175	175	2.63	20.00	.30	22.98	152.07
Total	1,675	1,675	25.13	264.70	1.80	291.73	1,383.37
Frank A. O'Hare: Project manager	300	300	4.50	47.10	.30	51.90	248.10
Joseph Henrichs: Assistant project manager in charge of progress schedules and general construction purchase orders and subcontracts	300	300	4.50	49.40	.30	54.20	245.80
William J. O'Hare: Assistant project manager in charge of general field operations	300	300	4.50	49.40	.30	54.20	245.80
Total	900	900	13.50	145.90	.90	160.30	739.70

[1] Refund.

SALARIES OF CONTRACTORS' ADMINISTRATIVE PERSONNEL

Mr. FURCOLO. While he is doing that, I will go on to something else. I want to talk to someone on that side of the table who can comment on the statements made on page 2 of this material which is entitled "Sampson Air Force Base." I am referring to the fourth and fifth paragraphs having to do with salaries allowed administrative employees.

General HARDIN. I may be able to help you on that.

Mr. FURCOLO. I want to know first of all what these men were supposed to be doing who were earning $1,000 a week in an administrative capacity.

General HARDIN. I believe Mr. Donnelly has the payroll, which indicates the keymen and their rates of pay. They were supervisory personnel.

AUTHORITY OF CONTRACTOR TO FIX WAGE SCALE

Mr. FURCOLO. I want to ask you whether or not you or someone in the Government had anything to say about the amount of salary they were receiving? Or was that something that was outside of your jurisdiction?

General HARDIN. This was on a lump-sum contract—a lump-sum and unit-price contract, which is within the scope of the contractor's authority to set his own wage scale.

Mr. FURCOLO. In other words, if I were a contractor and had a contract such as this, I could hire myself and 10 brothers for $1,000 a week apiece?

General HARDIN. As long as he puts in a bid, and it is a competitive bid, as this was, the salaries he pays is a matter of his own decision.

Mr. FURCOLO. Was it a competitive bid?

General HARDIN. Yes, sir.

Colonel KROEBER. Originally it was a competitive bid.

Mr. DONNELLY. This discussion I think is somewhat academic. It was a lump-sum contract, but with the stop-work order of February 23 the contractor was in a position to make claim for items of work—that is, salaries, such as these extravagant salaries—and I understand he has done so. Is not that correct, General Hardin?

CURRENT NEGOTIATIONS TO REVISE SALARY SCALE

General HARDIN. We are endeavoring to settle the termination agreement. It is almost at a close and we are endeavoring to revise those salaries which he paid, to a reduced scale, which I would prefer not to make public unless we close this session, because negotiations are going on now.

Mr. FURCOLO. I do not want you to go into that, if it is going to result in something that would not be in the best interests of the Government at this time.

Mr. DONNELLY. I have the salary schedules here and, as General Hardin has indicated, the amounts that the Government is to pay are now under consideration by the Corps of Engineers. The rates shown there are weekly salaries.

General HARDIN. May we go off the record for just a few moments?

Mr. RILEY. Yes.

(Discussion off the record.)

Mr. FURCOLO. As I understand it, the matter of those salaries is in dispute. You and the Corps of Engineers do not take the attitude that these amounts are fair amounts?

General HARDIN. That is correct.

QUESTION AS TO CONSIDERATION OF PAY SCALES IN MAKING NEW CONTRACT WITH CONTRACTOR

Mr. FURCOLO. That is a matter of negotiation now. Here is what I want to find out. As nearly as I can determine, at some time or other this contract was terminated and you were going to begin from scratch, start all over again?

General HARDIN. Changing the form of the contract from a unit-price to a cost-plus-fixed-fee operation.

Mr. FURCOLO. Was the contract that you had originally with the Five-Boro & Malan Construction Corp. terminated in such a way that you were then free to begin negotiations with some other company if you saw fit to do so?

General HARDIN. Yes, sir.

Mr. FURCOLO. You are sure of that?

General HARDIN. I am quite sure of that.

Mr. FURCOLO. What I want to find out is this. After you had terminated the contract with the Five-Boro & Malan Construction Corp., how soon was it after that that you learned they were requesting $1,000 a week for certain of their administrative employees, and $500 for others? Was it after you terminated the contract or was it before? For my purposes the question can be answered if you are able to tell me whether it was before you entered into any new contract.

General HARDIN. I will have to insert that in the record. I do not have that information here.

(The information is as follows:)

The cost-plus-fixed-fee letter order was issued to Sampson Air Force Base Constructors on February 20, 1951. The Five Boro-Malan Construction Corp. unit-price contract was terminated February 23, 1951. This sequence was necessary in order that there would be no interruption in the work. Five Boro-Malan Construction Corp. submitted their initial termination claim on May 25, 1951, and it was only after receipt of the audit report of the Army Audit Agency on October 29, 1951, that it was definitely known that the contractor had included, as costs, the administrative salaries under discussion. However, the contractor did submit to the Government, under a contract provision which required the submission of payrolls covering manual employees, the total payroll of the joint ventureship which also included administrative personnel at the salaries indicated. The first such submission was approximately January 15, 1951. However, under a unit price contract, the Government has no interest in the salaries paid administrative personnel and in the instant case such salaries were considered to be in the nature of a distribution of profits of the joint venture.

Mr. FURCOLO. Would you know whether or not it was before you entered into any new contract?

General HARDIN. The information I have here would indicate that the Five-Boro Construction Co. contract was terminated by the New York district by letter order dated February 15. Authority was granted by the Office, Chief of Engineers, to enter into a cost-plus-fixed-fee contract with the combination mentioned previously. A letter order was issued to the joint venturers on February 24 preliminary to negotiation of a contract.

The amount of this letter order was $2.5 million. Additional funds had been made available which now totaled $14 million. So, with that information before me, I would say that when we terminated the contract on February 15 there was an interval of 9 days before a letter order was issued to the joint venturers and in that period it must have been known that a settlement with this Five-Boro Co. would be necessary.

Mr. FURCOLO. Do you know whether or not at any time after the completion of the Sampson contract, the engineers awarded other contracts to this Five-Boro or the Malan Construction Corp?

General HARDIN. On any other project?

Mr. FURCOLO. Yes.

General HARDIN. I do not know. I can supply that information very quickly.

Mr. FURCOLO. Here is what I am getting at. Apparently you had some sort of a contract with these people, the Five-Boro and the Malan Construction Corp. Then as a result of something that happened, that contract was terminated?

General HARDIN. It was because the scope of the work had gotten too great for them.

Mr. FURCOLO. That is right; but whatever the reason was, the contract was temporarily terminated; is that right?

General HARDIN. It was terminated.

Mr. FURCOLO. Then, at that stage of the game, legally the Government was free to take other steps, if it saw fit to do so. I assume they probably wanted to continue along because of the fact that this construction was in progress and these people were on the job. Is that the situation, roughly?

General HARDIN. It is a natural assumption; yes, sir. They had proven themselves to be quite capable.

Mr. FURCOLO. I should think they would be at those prices. But sometime after that, or perhaps before that, the people who had the authority to award contracts for the Government learned that the Five-Boro and Malan Construction Corp. had people in administrative capacities on their payroll getting salaries of $1,000 a week, $600 a week, and so on?

General HARDIN. Mr. Furcolo, that did not continue on into the negotiated cost-plus-fixed-fee contract. Let me read to you the pay scales which were adopted for the highest paid employees on this cost-plus-a-fixed-fee operation: $230 a week; $235; $215; $225; $210; $297; $235.

Mr. FURCOLO. Which are a good deal less than the other figures?

General HARDIN. Yes, sir. There is a pay scale which becomes a part of a cost-plus-fixed-fee contract that they cannot exceed.

Mr. FURCOLO. Now, here is what I am getting at. As nearly as I can determine, at one time, in good faith, the Government was doing business with this Five-Boro-Malan Construction Corp. Then for whatever the reason was, the contract was terminated. Then at some time it was learned that the Five-Boro-Malan Construction Corp. was seeking to get from the Government extremely high salaries for administrative work.

Do I understand correctly that the salaries, in your opinion and in the opinion of the Government, were out of all proportion and a great deal more than they should have been?

General HARDIN. Not on a lump-sum operation where the contractor can select his wage scales to get the kind of people that he wants to do the work for him.

Mr. FURCOLO. I understand that. But when you get by that point, and when you get to a situation where the private concern and the Government are trying to adjust these salaries, do I understand correctly that the position of the Government is that these salaries are

disproportionate and exorbitant? If not, I do not see why you are not recommending that they be paid. If they are fair and just, then the Government should pay them. What is your position?

General HARDIN. May I reconstruct this for just a minute? In the first place, the contract which started out in the amount of $2,677,000, was an advertised contract on a unit-price basis, with certain estimated quantities of work. That was set up on the basis of an Air Force directive back on November 16. After that contract had been awarded to the Five-Boro people, it was then determined, as you have heard, that they needed to expedite that work to a very great degree and the negotiations for expediting that work took into account the overtime which would be required; the additional cost for procurement. I do not know that the salaries that they had been paying their key employees was a matter that was taken into consideration. I do not see why it should, necessarily.

Then after it was found necessary to terminate that contract, in the termination procedure, we endeavored to settle these things on the basis of the cost to the contractor with a fair profit. It was at that time, as I reconstruct it in my own mind, not knowing the detailed facts as to whether or not these $1,000-a-week salaries represented a consideration before—it now became a consideration, because the contractor wanted to be reimbursed for all of his expenditures. We are taking the position that he should be reimbursed for costs and a fair profit.

Now I would like to go off the record, if I may.

Mr. FURCOLO. Very well.

(Discussion off the record.)

Mr. FURCOLO. I want to try to make clear what I am driving at; I think it will be helpful in asking my questions and getting your answers. I can understand how, in the beginning, it would not matter a great deal to the Government what salaries these administrative employees may have been receiving, because the terms of the contract were such that it could be a matter of indifference to the Government; that is, they had to pay so much. Am I right in that?

General HARDIN. Yes, sir.

Mr. FURCOLO. But what I cannot understand is this. Apparently after that contract was terminated, you became involved in a discussion or a controversy as to whether these salaries of $1,000 a week and $500 a week were fair, just, and proper, on the basis of the work being done. I understand that the position of the Government as represented by you was that the amounts of money they were asking for at least those so-called key employees at $500 a week or more were not what you thought, representing the Government, they should ask for. Am I correct in that?

General HARDIN. That is correct.

Mr. FURCOLO. Now, the point that I want to come to is this. Having dealt with a firm that was doing everything they could to take advantage of the Government, I cannot understand why the Government continued to deal with such a firm. I can see in this particular case that perhaps you might have had to, as they were right on the ground and you had to get the work done.

Now, I have no objection to their trying to get the best bargain they could from the Government in the beginning. And I certainly do not want to be understood as being critical in any way either of

yourself or whoever awarded the contract for that, because, as I understand it, the way it was awarded originally, that consideration did not enter the picture. But I do want to be extremely critical either of you or the Engineers or the Government, or whoever it may be, for not doing everything possible to avoid doing business with a firm that had tried to take advantage of the Government. I am not saying that you have done business with them after that; for all I know you may not have. But it does seem to me there must be sufficient firms in the country who are trying to get contracts so that somebody could be found who could have been dealt with. It also seems to me that while perhaps 99 percent of your firms are doing everything they can to get as much money as possible from the Government, if there is any action that the Government can take to protect itself, it should do so. Certainly, if the word got around among the industry that it was best not to try to be too sharp with the Government or they would lose out on future contracts, it would be helpful.

I should like you to comment on that, if you would, please.

General HARDIN. Mr. Furcolo, in the first place, I think that the Five-Boro Co. in agreeing to enter into a cost-plus-fixed-fee operation with the Government on a certain fixed-pay-scale basis indicated a willingness to conform to the kind of scales which the Government feels are proper for that operation. I do not feel that the company should be penalized for endeavoring to get what they think is a fair return under the contract which they had previously entered into with the Government.

Mr. FURCOLO. May I interrupt you there for just a moment?

General HARDIN. Yes.

REDUCTION OF REIMBURSABLE SALARIES UNDER COST-PLUS-FIXED-FEE CONTRACT

Mr. FURCOLO. Under the new contract that you have with these people, are these same key employees doing administrative work and getting similar salaries to those indicated here, or are they now saying, "We can afford to take a salary of one-fourth or one-fifth of this amount, because it is going to run over a greater period of time"?

General HARDIN. The reimbursable salaries are very much less than had been paid to their personnel, administrative or executive, or what not, under their original contract. Now, in a CPFF operation, certain officials of the company are permitted to be reimbursed for their weekly salaries and others are not. They have to get their pay out of the fee which is a part of the cost-plus-fixed-fee operation. I cannot say whether the same-named individuals that appeared under the lump-sum unit-price contract are repeated on the cost-plus-fixed-fee reimbursable payroll. I did not see a repetition of names in the quick examination that I was able to make of the list that I have furnished Mr. Davis. But I know that the salaries paid under this cost-plus-fixed-fee operation are materially less than those in the previous contract.

SALARIES OF ON THE JOB WORKERS DURING REHABILITATION OF SAMPSON

Mr. FURCOLO. At the top of page 2 there is some information that gives some indication of the amount of money that was received by people who were not in an administrative capacity, but who were doing work on the job.

I realize that you probably had no control at all over this. Someone had said that the work had to be completed by a certain date and everybody wanted it done. That part is all right. But I want to find out whether or not there has been any attempt made—in fact, if it is even possible to try to make such an attempt—to make any savings in the amounts being paid to men who are working on the job. I realize that they have certain definite pay scales for certain hours of work. On the other hand, I also realize that most of these people who are working on such jobs are patriotic, have members of their families in the armed services and also want to try to do all they can to be helpful.

I do not know whether it is possible to work anything out with them whereby such tremendous weekly salaries such as indicated here would be controlled somewhat. Is that possible? Has any thought been given to that?

General HARDIN. Yes, sir; and it is very definitely contrary to our policy to subject men to such extreme hours of service as they performed under this contract. There is a limit to what a man can do physically, and perform his job well. Accident rates increase at a very rapid rate when you work a man too long. We feel that 60 hours a week is just about all a human being can stand and do work efficiently. There will be, perhaps, short periods of time when he can work at a greater rate, but his efficiency falls off very rapidly.

This was a situation which was not considered normal. They were obviously working against time to an extreme degree. They thought it was the patriotic thing to do and I think excesses were had. I will say in fairness to the area engineer, when he found out about it, he issued orders that it should not be repeated.

SATURDAY AND SUNDAY EMPLOYMENT AND MIDWEEK LAY-OFF OF EMPLOYEES

Mr. FURCOLO. I see. I should like to ask you this—and I think this is my last question on this matter; the second paragraph on that same page reads as follows:

> Payrolls also show that the practice of working Saturday and Sunday and laying off on other days, usually Monday and Tuesday, was widespread.

I assume that people who worked on Saturdays and Sundays were receiving overtime—time and a half or double time or some sort of bonus pay. It may be that there was some reason why there had to be lay-offs on Mondays and Tuesdays, which would normally be regular working days. Is that correct?

General HARDIN. It might be, but I doubt it. I think this incident that was reported here was due to a certain circumstance and I have this explanation from the district engineer. On the 24th and 25th of February all rehabilitation work was stopped in order that a complete field and warehouse inventory could be accomplished in view of the

fact that the old contract was being terminated and a new cost-plus-fixed-fee contract was placed into effect. In accordance with local union agreements the personnel were paid on an overtime basis for Saturday and Sunday work.

I have more information on that subject as an enclosure in this letter. This enclosure which I referred to covers instructions from the engineer in charge to provide supervisory personnel to assist in conducting this inventory. I have no indication that this was a habitual thing on that job, no.

Mr. FURCOLO. May I ask you this? If it was the practice to have the men work Saturdays and Sundays and lay off on weekdays, usually Mondays and Tuesdays, are you aware of anything on that job that would make such a practice justified?

Colonel KROEBER. General, I can shed a little light on that, if I may.

General HARDIN. I wish you would.

Colonel KROEBER. Due to the shortage of skilled help, we had to try to recruit all these people in New York, because the skilled-labor market around Sampson is extremely short. During the rush period there were attempts made to recruit some people from surrounding communities—in Syracuse, Rochester, and in that neighborhood.

Mr. FURCOLO. They would be people who would be working regularly on other jobs?

Colonel KROEBER. That is right; people working on other jobs were recruited over the week end to work on this job. They worked Saturdays and Sundays and went back to their regular jobs after the week end. I believe the report is slightly garbled where it says that they laid off. They did not lay off, they went back to their jobs. They worked Saturdays and Sundays to augment the work force at Sampson. They were there for probably two or three week ends during the height of the rush.

SALARIES OF EXECUTIVES OF CONTRACTORS

Mr. DAVIS. Getting back to the matter of the payroll, of which we have a photostat which you call a certified copy of the payroll, has an investigation been made to determine whether or not the salaries paid to the high officers of the corporation during this period of the payroll are consistent with their salaries during other periods of operation of the company?

General HARDIN. I do not know, but I will check on it.

Mr. DAVIS. Here is the president of a corporation, Mr. Kagan. Ordinarily, the president of a corporation receives an annual salary. It would be interesting to know whether that man on the books of the corporation is carried at an annual salary of $52,000. Likewise, Sid Feldman, the vice president, and Mason Cohen, the secretary of the corporation, is listed at $600 a week. That will be an indication, even granting the authenticity of these copies, whether they were padding the officers' salaries during the period of their Government contract.

Mr. RILEY. Do you know how many of these administrative officers owned stock in this company?

General HARDIN. No; I do not. Would you like for me to get you information on that?

Mr. RILEY. I would appreciate it if you would.

(The information is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 21, 1952.

Memorandum for: Mr. Fred Korth, Deputy Department of the Army Counselor.
Subject: Sampson Air Force Base.

The following information is forwarded in response to an inquiry from Mr. Donnelly of the Riley subcommittee of the House Appropriations Committee:

MALAN PLUMBING CO.

H. J. Feldman (father): 51 percent of stock.

Edward Feldman (son), Sidney Feldman (son), Irwing Feldman (son), Sol Feldman (son): 49 percent of stock—equal shares.

At a stockholders' meeting held in November 1951, each of the above was voted a salary $800 per week.

Army Audit Agency ascertained from the contractor's records that Malam Plumbing Co. paid the following weekly salaries during the periods indicated:

	1950 Nov. 3–Dec. 29	1951 Jan. 5–12	1951 Jan. 19–Feb. 23
H. J. Feldman	$150	$300	$150
Edward Feldman	150	300	150
Sidney Feldman	150	300	
Irwing Feldman	150	300	600
Sol Feldman	125	300	600

FIVE BORO CONSTRUCTION CORP.

All of the outstanding stock is owned equally by Nathan Cohen and Arnold Kagan.

At a stockholders' meeting held January 2, 1951, a salary of $400 per week plus 1 percent of gross income was voted Cohen and Kagan—salary to be held in abeyance during Sampson job.

The above individuals also own equally all outstanding stock of the K. & C. Construction Co., and at the stockholders' meetings were voted the following weekly salaries:

Jan. 2, 1951 (each)	$400
Jan. 2, 1952 (each)	500

The records indicate that prior to January 2, 1951, Kagan was drawing a salary of $400 per week from Five Boro Construction Corp. There appears to be no record of salary payments to Cohen.

FIVE BORO–MALAN CONSTRUCTION CORP.

Wholly owned by Five Boro Construction Corp., and Malam Plumbing Co.

At a stockholders' meeting held January 4, 1951, the following weekly salaries were voted:

Arnold Kagan	$1,000
Sidney Feldman	1,000
Nathan Cohen	600
Nathan Krasher	200
Irwing Feldman	250

The Army Audit Agency ascertained that salary payments were made during the course of the job to the above-listed individuals in the amounts stated.

The Army Audit Agency also ascertained that incomplete records indicated that during the life of the job Nathan Cohen received salary payments of $2,000 from other sources and Arnold Kagan received salary payments from other sources of $800. Apparently both individuals have an interest in or are drawing salaries from various other companies, some of which are in the nature of subsidiaries. Complete records of all salaries received by Cohen & Kagan are not available.

JOHN R. HARDIN,
Brigadier General, United States Army,
Assistant Chief of Engineers for Military Construction.

(Discussion off the record.)

Mr. DAVIS. Would it be proper to ask the general to obtain from the negotiators for the Government what they have unearthed in that respect, and that he make the suggestion to them that he has mentioned, and in the appendix of this hearing there might be put a statement of what they found out along that line.

(The material referred to is printed immediately preceding this request by Mr. Davis.)

Mr. KORTH. I think with caution that it ought not in any wise jeopardize the negotiations. That might be a factor to be considered.

SCHEDULE OF SALARIES UNDER NAVY COST PLUS FIXED-FEE CONTRACT FOR BAINBRIDGE REHABILITATION

Mr. DONNELLY. I gave you a copy, Mr. Davis, of this schedule of salaries paid at Bainbridge, which is a cost-plus-a-fixed-fee contract, a rehabilitation job, which the Navy did almost contemporaneously with this Sampson job, and the cost at Bainbridge was $15,000,000, and the schedule of reimbursable salaries paid by the Government in that case was shown. May I insert that in the record at this point?

Mr. RILEY. It will be inserted in the record at this point.

(The tabulation referred to is as follows:)

COMPENSATION TO TOP EMPLOYEES OF CPFF CONTRACTOR AND SUBCONTRACTORS FOR WHICH GOVERNMENT MADE REIMBURSEMENT ON BAINBRIDGE REHABILITATION CONTRACT

The Navy's rehabilitation of the training center was done under cost-plus-fixed-fee contract NOy-24565 entered into January 10, 1951. Work started immediately, and has cost $15,238,185 as of January 29, 1952. The schedule of compensation to top CPFF employees for which the Government made reimbursement is as follows:

	Reimbursable weekly salary	On an annual basis
Prime contractors' top employees:		
Project manager (general superintendent)	$225	$11,700
Assistant general superintendent	150	7,800
Chief accountant	135	7,020
Purchasing agent	135	7,020
Personnel officer	125	6,500
Area superintendents	150	7,800
Chief material checker (warehouseman)	100	5,200
CPFF electrical subcontractors' top employees:		
Electrical superintendent	200	10,400
Assistant electrical superintendent	125	6,500
Electrical engineer	115	5,980
CPFF mechanical subcontractors' top employees:		
Mechanical superintendent:		
(At peak construction period)	200	10,400
(Now reduced to)	135	7,020

Mr. DONNELLY. To button up this point, you have already supplied us with a schedule of the top 10 salaries paid at Sampson under the CPFF contract, which was commenced by a letter contract, February 24, 1951.

Now, I have here from the Navy Department a letter from the Chief of the Bureau of Yards and Docks stating that in no case shall reimbursement be made in these circumstances in excess of $12,000 a year, or $230.77 per week.

Has the Corps of Engineers a similar letter, or order out on this point?

General HARDIN. Yes. It is in our negotiation procedure. It is not in the form of a letter, but it is in the confidential manual we use as a basis for negotiating these cost-plus-fixed-fee contracts.

Mr. DONNELLY. May we insert in the record at this point the Navy letter on this subject, and ask that an excerpt from the Corps of Engineers' statement be inserted likewise? And also that there be inserted a schedule showing the salary scale on the CPFF contracts at Bainbridge and Sampson.

Mr. RILEY. Without objection they will be inserted, and the Corps of Engineers' directive will be inserted at the same point.

(The matter referred to is as follows:)

DEPARTMENT OF THE NAVY,
BUREAU OF YARDS AND DOCKS,
Washington 25, D. C., August 25, 1950.

CIRCULAR LETTER NO. 50–19

From: Chief, Bureau of Yards and Docks
To: Addressees indicated below
Subject: Reimbursable limit of salaried employees of CPFF contractors
Reference: (a) CirLet 58–45
(b) CirLet 22–47

1. Reference (a) and the final paragraph of section 3, part 2 of reference (b) are hereby canceled and superseded.

2. The reimbursable salary for any employee of the contractor under a CPFF contract shall be limited to a rate not in excess of $12,000 per annum ($230.77 per week), except where a higher salary is specifically authorized in writing by the contracting officer.

3. The salary shall be construed to include leave pay and other forms of compensation, such as housing, subsistence allowance, etc., furnished the employee without charge. Cash payment in lieu of accrued annual leave will not be considered in establishing the reimbursable salary of any employee under this directive.

A. D. HUNTER,
Deputy and Assistant Chief of Bureau.

DEPARTMENT OF THE ARMY,
OFFICE OF THE ASSISTANT CHIEF OF STAFF, G–4, LOGISTICS,
Washington 25, D. C., November 29, 1950.

G4/E1 60797
CP Dir 42—Fiscal year 1951

Subject: Maximum Reimbursable Salary for Contractor Employees on Cost-Type Contracts.

To: Chiefs of technical services; JAGO, Procurement Division; and others as indicated (Distribution (a) (1) through (a) (7) and (a) (20). See enclosure to CP Dir 1—fiscal year 1950)

1. Chiefs of technical services, their deputies, or their principal assistant, are authorized to approve salaries of contractor employees up to a maximum of $15,000 per year on cost-type contracts.

2. The above approval is granted with the condition that $12,000 be established as the maximum salary in the approved salary schedule for each project, reserving the use of the $15,000 maximum only for individual employees who are currently earning $15,000 or more per annum in the employ of the contractor.

P. M. SELEEN,
Colonel, CSC,
Chief, Current Procurement Branch, Procurement Division
(For the Assistant Chief of Staff, G–4).

NAVY—BAINBRIDGE NAVAL STATION

Classification	Pay per week	Pay per year
1. Project manager	$225	$11,700
2. Assistant general superintendent	150	7,800
3. Chief accountant	135	7,020
4. Purchasing agent	135	7,020
5. Personnel officer	125	6,500
6. Area superintendent	150	7,800
7. Chief material checker	100	5,200
8. Electrical superintendent	200	10,400
9. Assistant electrical superintendent	125	6,500
10. Electrical engineer	115	5,980
11. Mechanical superintendent	200	10,400

CORPS OF ENGINEERS—SAMPSON AIR FORCE BASE—CPFF CONTRACT

Classification	Weekly group range	Allowable maximum pay per year
1. Project manager	$192.00-$230.77	$12,000
2. Assistant general superintendent	176.00- 210.00	10,920
3. Expediter chief accountant	92.00- 114.00	5,928
4. Purchasing agent	130.00- 150.00	7,800
5. Personnel manager	130.00- 150.00	7,800
6. Superintendent, assistant	130.00- 150.00	7,800
7. Chief expediter	92.00- 114.00	5,928
8. Assistant general superintendent	176.00- 210.00	10,920
9. Superintendent, assistant	130.00- 150.00	7,800
10. Engineer, assistant department	114.00- 132.00	6,864
11. Assistant general superintendant	176.00- 210.00	10,920

The question has been raised here as to whether or not the committee is making proper inquiry into the salaries paid on a contract which was awarded as a result of open competitive bids. I believe in the opinion of the committee that it would be proper to inquire into these salaries on the extension of the contract which the record shows is more than twice the amount of the original contract on which the bids were requested. It is not the purpose of the committee in any way to raise the question of salaries paid to officials of a contracting company on open competitive bids, but we do feel we have the right to inquire into the salaries paid officials of a company on negotiated and extended contracts.

ORIGINAL JUSTIFICATION OF FUNDS FOR REHABILITATION OF SAMPSON

Mr. DAVIS. When was the original justification to the Appropriations Committee made for the funds for the rehabilitation at Sampson Air Force Base.

General MYERS. Those funds came from fiscal year 1950 originally, maintenance and operation, which must have been defended prior to July 1, 1949.

They were rehabilitation funds.

Colonel KROEBER. Major repair and rehabilitation.

General MYERS. They were 1951 funds which were defended prior to July 1, 1950.

Mr. DAVIS. Were they justified simply as a part of a lump sum appropriation, or was there a justification made for a specified amount of money for Sampson Air Force Base?

General MYERS. They were justified as a lump sum.

Colonel KROEBER. The Sampson job came up as a sample job. The total amount of money had to be justified as to the nature of the work, and the job was quoted as such along with other major rehabilitation jobs at the time.

General MYERS. I do not think we had Sampson specifically in mind prior to July 1, 1950.

General DISOSWAY. I think this is what happened: Subsequently we came in and justified it to the Appropriations Committee and they approved the money—subsequent to spending a part of this money.

General MYERS. Let us get straight on this. As I recall, we did not come in specifically and ask for any additional funds for Sampson, additional maintenance funds, but in the course of several hearings we were having about that time on the construction program, the question of the cost of Sampson did come up, particularly before Mr. Mahon's Subcommittee on Appropriations. We went over in almost as much detail as we have today what was going on at Sampson and what it was costing.

Mr. TURNER. No maintenance and operations funds were specifically appropriated for Sampson. When the emergency came up the reprograming was going on in the Air Force of available money for this purpose, but as General Myers said, that was all explained in quite a bit of detail to the Appropriations Committees at the time we were justifying emergency action on the other training stations using new construction money.

General MYERS. That is right.

Mr. DAVIS. At least now with respect to new construction phases, there was a specified sum for Sampson Air Force Base justified?

Mr. TURNER. Not in this particular go-around. There might have been a small item in there for land, but the new construction money came in the 1952 regular construction bill. We were talking about new construction money for training installations, and at that time were using maintenance and operation money for Sampson, and as I explained, we got reprograming funds that were appropriated in a lump sum. But it was all discussed with the Appropriations Committee. It so happened that Sampson came up at the same time we were discussing the emergency construction program.

FUNDS FOR FISCAL YEAR 1952 EARMARKED FOR SAMPSON

Mr. DAVIS. Am I correct in assuming there was a substantial amount of earmarked money for the Sampson Air Force Base in the current fiscal year which would have been justified in September of 1951?

General MYERS. Yes, new construction money of around $6,000,000 We also earmarked some maintenance and operation money in fiscal year 1952 for Sampson.

Mr. TURNER. That is right.

Mr. DAVIS. Mr. Donnelly has just handed me the hearings of last September, in which it is shown there was a request last year for just under $2,000,000, which was for the completion of the base.

Mr. TURNER. Is that in maintenance and operation money or new construction?

Mr. DAVIS. New construction.

General MYERS. My 1952 program shows $7,130,000 for new construction at Sampson.

Mr. TURNER. I think that is authorization. Mr. Davis is talking about appropriations.

Mr. DAVIS. General Disosway testified that:

> We are asking for an authorization of $9,095,000, of which we received last spring appropriations for $7,130,000.

I am trying to get some reconciliation of these figures that are mentioned in the memorandum. The memorandum mentions rehabilitation work and new construction under which a total of expenditures will exceed $25,000,000. Further it says:

> The work has increased from $2,677,000—

in round numbers—

> under the original contract to about $17,000,000.

Now, is all of that maintenance and rehabilitation?

General MYERS. That includes everything. I think I can straighten this out now.

In our so-called fourth supplemental we received $7,130,000. It was approved by a committee of Congress here on March 2, when we obtained final approval from the House Appropriations Committee. Then in the 1952 program there was something over $9,000,000, total authorization, to cover the $7,130,000 that we had obtained in informal approval by the committee, and we were asking for funds for the other $2,000,000-odd.

General DISOSWAY. What happened was that we reprogramed part of the second supplemental appropriation to these items here and then when we went back to the Congress we got approval to do that, and then we went back with the 1952 budget and we put all that in so that it would straighten out the authorizations and the appropriations.

General MYERS. That is right, and the $25,000,000 includes that and the rehabilitation—our estimate then. The figure of $6,000,000 was for the barracks as I remember.

Mr. DAVIS. Were these new items that ran it up from $2,677,000 to $17,000,000 all given to the same contractor?

Colonel KROEBER. No, sir. There were three distinct contracts. One was the original lump-sum contract in the amount of $2,700,000. Then we entered into a CPFF contract that General Hardin mentioned, which started out at $12,000,000 and wound up at $14,000,000.

General HARDIN. That is correct.

Colonel KROEBER. That CPFF contract was terminated, and the remainder of the rehabilitation job was again placed on a lump-sum basis.

Mr. RILEY. Off the record.

(Discussion off the record.)

SOURCE OF FUNDS EARMARKED FOR SAMPSON

Mr. TURNER. In order to clarify this—and I do not have the information here—could we make a tabulation showing from what appropriation and when these funds were funded, coming up to the total, and furnish that for the record?

Mr. RILEY. I think it would be well to put it in the record. Show what funds came out of maintenance and operation and what came out of new construction, and what appropriations they came out of.

Mr. TURNER. We will do that.

(The information is printed in detail on the last day of the Air Force hearings, at p. 389.)

LACK OF WRITTEN REPORT FROM CORPS OF ENGINEERS ON COST OF EXPEDITING PROJECT

Mr. DAVIS. Now, on the last page of the memorandum that I have before me there is a statement to this effect:

> The requests for changing priorities seem to have been oral. No correspondence has been found in which the corps advised the Air Force of the cost of expediting the project.

In other words, as far as the committee investigators were able to find, there were no written instructions from the Air Force to the Corps of Engineers with respect to expediting, and no written report from the corps back to the Air Force as to what these apparent oral expediting orders were going to cost. That appears on its face to be unusual, and I wonder what the actual factual situation was there.

Colonel KROEBER. The actual factual situation is, I read to you briefly before from the minutes of the meetings on the 3d of January at Sampson in which we formulated the procedure for speeding up the work. The details of that meeting were formalized and a directive from us to the Corps of Engineers dated January 12, 1951, in which all the details of that meeting were spelled out. The priorities were spelled out by phases and a map was included showing the priority of the work desired and the concept of the reimbursement of the contractor was again reiterated and copied from the papers that I read to you in this particular directive.

Between the period January 12, when this directive was written, and February 16, further changes became apparent in the priorities due to the difficulties we found in certain buildings—new items came up for work and certain classifications were necessary—and on the 16th of February a new directive was issued to the Corps of Engineers from our office, again about a 5 or 6-page letter, in which we spelled out the new changes and agreements that were reached between us, the district engineer and the contractor, so there were some directives to the district engineer as to what the Air Force desired. We were in constant touch with the district engineer and the job at Sampson at all times trying to determine what the cost would be. It took us up to May to actually get from the contractor, the CPFF contractor, the semblance of an estimate of what the total job would be. I have the letter directives on file here for anyone who wishes to see them, sir.

Mr. DAVIS. Ordinarily, would you get some sort of cost estimate from the corps before issuing the directive to expedite?

Colonel KROEBER. It was not possible at that time to get a firm cost estimate of what this work would cost because nobody at that time was in a position to even stop to make a detailed estimate. A detailed estimate was not gotten on the total work involved until some time in May of 1951.

General MYERS. To answer your question, ordinarily it is very unusual that we do not get an estimate of the cost of the work, and

the expediting cost, before we issue an expediting directive. That is very unusual.

Mr. DAVIS. It does not seem there could be any other conclusion to this thing than actually what did happen, and that is, after letting an original contract things just got completely out of hand and they had to stop and try to do it some other way. I cannot see how anything could happen when the work starts in January and it is not possible to find out what the work will cost until the following May.

General MYERS. We made estimates from time to time of what it would cost. As pointed out previously, we spent considerable time in drawing up these original specifications for the original work.

Mr. DAVIS. The specifications on which the $2,677,000 contract was based?

General MYERS. That is right. We spent a lot of time on that. When we started getting into the buildings themselves, and under the ground, we found, out that it was completely inadequate. We had the meeting that Colonel Kroeber referred to, in which we tried to estimate what the job was going to cost again, which was the result of this directive, and as the work continued there was a constant revision of that estimate. This is illustrative of what happens on rehabilitation work. You start out and when you get into the job you find out that the job is entirely different from when you began it.

ESTIMATE OF COST OF EXPEDITING PROJECT

Mr. DAVIS. Are you able to state the figure on the basis of your experience as of May, or whenever such a figure was available, that would compare to that $2,677,000?

We have a statement here from the district engineer saying that the work has increased from $2,677,000 under the original contract to about $17,000,000.

Now, your previous testimony here indicates that that $17,000,000 does not compare with that $2,677,000. Can you give me a figure that would compare with that?

General MYERS. I do not know whether Colonel Kroeber can or not. The $17,000,000 does not compare with the scope of the work envisioned under the $2,700,000. What the actual cost of the work envisioned under the $2,700,000 is, I do not know.

Colonel KROEBER. That would probably have come up to around $12,000,000, Mr. Davis, making a very rough guess.

Mr. DAVIS. Can you give us an estimate that would not be quite that rough at a later date, and insert it in the record?

Colonel KROEBER. I believe I can try, sir.

General HARDIN. Off the record.

(Discussion off the record.)

Mr. DAVIS. That is all I have, Mr. Chairman.

Mr. RILEY. We will have to recess until 10 o'clock in the morning, because we have this Defense Appropriation bill on the floor this afternoon. We are all involved in that, so we will not be able to meet again until 10 o'clock tomorrow morning.

TUESDAY, APRIL 8, 1952.

Mr. RILEY. The committee will be in order. Mr. Donnelly, you may proceed.

General MYERS. Mr. Chairman, we have some of the information that was asked to be furnished for the record, but it is not in such shape that it can be inserted in the record. We can tell you what it is, if you wish.

Mr. DONNELLY. What is that on?

General MYERS. That is on Camp Parks. Also, there is one correction we would like to make in the testimony on Sampson.

Mr. RILEY. Suppose, General, you read what you have for the record.

ESTIMATE OF REPLACEMENT VALUE OF SAMPSON

General MYERS. There is one correction I would like to make for the record regarding the estimated value or replacement cost of Sampson. It was testified yesterday on page 85 by Colonel Kroeber that the estimated replacement cost of Sampson is $114 million. That was the estimated replacement cost of the facilities existing prior to the rehabilitation program. The estimated replacement cost of the facility after rehabilitation is $145 million. That is an estimate that was prepared by an investigator, an engineer, in the Bureau of the Budget. Is that correct, Colonel Kroeber?

Colonel KROEBER. That is correct, sir.

CAMP PARKS AIR FORCE BASE, CALIF.

DATE OF INITIAL BENEFICIAL OCCUPANCY

General MYERS. On Parks Air Force Base, the initial beneficial occupancy was first obtained on the 5th of September 1951; 19 barracks buildings and two messes that we started filling on that date.

The administration buildings, classrooms, and other facilities required for the training of students, of indoctrinees, were not available, and these facilities were utilized by the permanent party initially on the 5th of September, to get the training establishment started.

PREPARATION OF MASTER PLAN FOR CAMP PARKS

Another question was, who made the master plan for Parks Air Force Base? It was a Corps of Engineers' contract let by the Corps of Engineers, and the master planning was actually done by the Corps of Engineers for the Air Force. It was a joint venture, architect-engineer contract, and I have the names of the two participating firms if you care to have them.

BEGINNING OF NEGOTIATIONS FOR PARKS AIR FORCE BASE

Mr. McCloud, would you give the information as to when we negotiated for the Parks Air Force Base?

Mr. MCCLOUD. This has to do with trying to establish a date of the initial negotiations.

General MYERS. That is, with the Navy.

Mr. McCLOUD. I understand now—I have just received a telephone call—that it started between General Timberlake and Admiral Sherman. General Timberlake does not remember the exact date. It was either the latter part of January or the first part of February.

The first piece of paper in writing went from the Munitions Board to the Navy on February 23 as a result of this conference between General Timberlake and Admiral Sherman. The Navy sent it back, however, and told them that the way to get this base was by an exchange of correspondence between the two Secretaries. That paper went out on the 3d of March with a Munitions Board directive to the two Secretaries to get together on the transfer of the base.

General MYERS. That is right, sir. I remember those proceedings. I do not personally remember the dates either, but it was in February, and prior to that time I made a trip out to the west coast. As I remember, it was late in the prior fall. I looked at Shumaker; in fact, there are two Navy stations out there some 20 miles apart. I went out and looked at both of them. But it was on the 3d of March that this directive came from the Munitions Board. We had had a meeting with the Navy, at which I was present, just about that time, in the Munitions Board, and as a result we obtained a transfer of a portion of what was then called Camp Shumaker. We obtained what was known as the Camp Parks area, the Parks portion of it, and certain agreements were reached as to the utilization of the utilities and the hospital area that remained under Navy control.

If you would like further information or details on that, I can give them to you, because I am thoroughly familiar with those.

DATE CORPS OF ENGINEERS WERE ADVISED OF PROPOSED CONSTRUCTION WORK

Mr. DONNELLY. General, we have a very practical problem. Representatives of the committee, looking into a matter such as this, provided the following information. A responsible officer or official—and I shall not identify him further—of the San Francisco District Office of the Corps of Engineers told the committee engineer that the first he knew about this Camp Parks situation was in May. The directive which his office received was received on May 7. He indicated that was the first knowledge that his office had of the proposed construction work at Camp Parks.

The dates which you have supplied here indicate that the first notice to the Air Force was February 21——

Mr. McCLOUD. February 23, the Munition Board wrote to the Navy.

Mr. DONNELLY. February 23 the Munitions Board wrote to the Navy. What was that letter?

Mr. McCLOUD. That had to do with the transfer of Parks to the Air Force, but the Navy sent it back telling them that the proper procedure would be an exchange of correspondence between the two Secretaries. So, the Munitions Board revised the 23 February memorandum, and the official one is dated 3 March in which they sent a directive to the Department of the Navy and the Department of the Air Force to get together and arrange for the transfer.

Mr. DONNELLY. Is it fair to say that on March 3 the question of whether the transfer would be made had been decided and the only thing left was the mechanics in Washington implementing it?

General MYERS. No, sir. On March 3 it had been decided that the Navy would transfer to the Air Force a portion or portions of Shumaker for use as an indoctrination center. It still remained for us to work out with the Navy what portion, and how that transfer would be effected, which was done subsequent to March 3.

Mr. DONNELLY. In any event, on March 3, the Air Force did know that it would have available at least portions of Camp Shumaker?

General MYERS. That is right.

Mr. DONNELLY. With respect to that date, what was the first date that the Air Force advised the Corps of Engineers that that was the intention and purpose, so that the corps could commence with its own thinking in the matter of planning?

General MYERS. That is another date that we will have to get you.

Mr. DONNELLY. The dates that we had before were the stop-work order on Camp Kohler on February 26, and a haitus of 60 days before the directive of April 26 of the Corps of Engineers for the construction work at Camp Parks—a hiatus of 60 days. As we have seen from these schedules, the plans and specifications were drawn in 80 days. So that if the Corps of Engineers had at least a part of these 60 days, could there not have been more serious consideration given for more formal type of contract than the type actually used?

Mr. MCCLOUD. The 26th of April is the design authorization date.

Mr. DONNELLY. By the Air Force.

Mr. MCCLOUD. That is right.

General MYERS. That is the design of the facilities. I will have to get you the date when we first notified the Engineers that we were going to use Camp Parks.

(The data was subsequently supplied and is printed above at p. 33.)

FAILURE OF AIR FORCE TO GIVE CORPS OF ENGINEERS TIME TO FIRM UP PLANS AND SPECIFICATIONS

Mr. DONNELLY. The reason I have asked these questions in such detail is this. I have spelled out here a little tabulation which I drew up this morning for the benefit of the members of the committee on the impact of the drastic changes in the training program which General Disosway testified about with reference to the three major construction operations—at Sampson, date of contract, December 28, 1950; at Amarillo, date of contract, March 21, 1951, and Camp Parks, 2 months later, May 21, 1951.

In none of the three cases did the Corps of Engineers have the opportunity or the time to firm up plans and specifications, as I understand the facts.

We have seen here—at least, it is shown on this schedule that I have drawn up—the time required to draw plans and specifications at Amarillo was 50 days, and drawing the plans and specifications there resulted in a saving of 24 percent on the barracks buildings, per barracks building, and 30 percent per administration/mess-hall building, which is substantial. Mr. Chairman, may this schedule be inserted here.

Mr. RILEY. Without objection.

(The schedule is as follows:)

Impact of drastic changes in training program on construction of training bases

Location	Date of contract	Kind of contract	Time required to draw plans and specifications	Time allowed for completion	Approximate construction cost
Sampson	Dec. 28, 1950	Unit price; then cost-plus-fixed-fee.		Not specified	$25,000,000
Amarillo	Mar. 21, 1951	Negotiated; then lump-sum.[1]	50 days	86 days	15,000,000
Camp Parks	May 21, 1951	Negotiated	80 days	186 days	21,000,000
Total					61,000,000

[1] The first contract at Amarillo for 119 barracks was negotiated; the second contract at Amarillo for 102 barracks was lump-sum based on completed plans and specifications, which were drawn in a period of 50 days. The cost of the barracks under the second contract was 24 percent less. The first contract there for 2 mess-hall/administration buildings was negotiated; the second contract for additional buildings of that type was competitive lump-sum, at a saving of 30 percent per building over the negotiated contract.

Mr. DONNELLY. Then at Camp Parks we have a period of 80 days required to draw plans and specifications.

Now, the question that brought all this about today is the one that I asked at the outset, and that was whether the Corps of Engineers could not have had more time from the Air Force to consider the matter of plans.

Would you comment further on that, General?

General MYERS. I think that the Corps of Engineers could not have had more time. I will have to supply you the dates and the actions that were taken between the period of March 3 until April 26, when we issued the directive. But during that period, as I have said before, it was necessary for us to make an agreement with the Navy as to exactly what area we would get, what arrangement we would make, and I remember those negotiations very well; and the drawing of the master plan for the facilities to be built before the Engineers could actually design the facilities in the number and of the type that were required.

DATE ARCHITECT-ENGINEER WAS RETAINED FOR DRAWING MASTER PLAN

Mr. DONNELLY. General, maybe it would be helpful to give us the date that the outside architect-engineer was retained for the purpose of drawing a master plan. Do we have that available?

General HARDIN. The information we have is that the contract was dated the 2d of June. It may be that he was engaged prior to that time and started working on a letter order, but our contract was dated 2 June—the master plan for Parks.

Mr. DONNELLY. There had been some questions pending—I do not know whether there is any further answer to them—with respect to the coordination between the Air Force and the Corps of Engineers. Does this new data that you have given give rise to further observation on that point?

General MYERS. This new data regarding a master-planning contract is that the Engineers actually did the work for the Air Force on the master planning, and that it was closely coordinated with our Air Force installation representative and the Training Command personnel who were assigned to the project.

DATE ON WHICH PLANS WERE FIRMED WITH NAVY FOR TAKING PART OF INSTALLATION

Mr. UPTON. I suppose you would also want the date on which the plans became firm with the Navy, as to how much of Camp Parks we were going to get. As I understand it, on March 3, we did not know exactly how much of the installation we were going to get.

General MYERS. That is right. We did not get real entry from the Navy until after that period, until after we had made an agreement with the Navy.

Mr. DONNELLY. If you knew you were going to get a part of the old Camp Shumaker from the Navy, that would be enough for you to draw some sort of plans and specifications?

General MYERS. No, sir; it was not.

Mr. DONNELLY. For barracks or classrooms or administration buildings?

General MYERS. Oh, yes; to draw standard plans for the buildings; that is right. But to locate them on the ground and to design your utilities—we still had to know where we were going to build them.

Mr. FURCOLO. Did you know how many you were going to have?

General MYERS. Yes, sir; I think we did at that time.

Mr. KORTH. I think it might be well for General Hardin to elaborate a little bit on the phasing of the master planning, construction, and so forth, at Parks, if you would permit him to make a brief statement?

Mr. RILEY. Yes.

General HARDIN. Mr. Chairman, from information available to us, although we made this master planning contract which was in the interest of preparing an over-all plan of development for the Air Force station, I think it was concurrent with the detailed planning and the construction planning. In other words, there was no apparent lead time for the master planning to have been accomplished before the other detailed planning was initiated. I think you agree to that?

General MYERS. That is right.

General HARDIN. So everything began at once.

QUESTION AS TO FAILURE TO UTILIZE AVAILABLE TIME TO PREPARE PLANS

Mr. DONNELLY. General Hardin, when did the Corps of Engineers first know from the Air Force that it was proposing to undergo construction operations at the old Camp Shumaker?

General HARDIN. My records would indicate that it was not until they gave us the planning directive, that we were certain that there was something going to take place at Camp Parks.

Mr. DONNELLY. That was April 26?

General HARDIN. The 7th of May was our directive to the field.

Mr. DONNELLY. If you had known, as Assistant Chief of Engineers in Charge of Military Construction, on the 3d of March, that the Air Force planned to take over from the Navy at least portions of Camp Shumaker, could you have utilized the time between the 3d of March and the 26th of April for the purpose of doing at least some of the planning that was necessary?

General HARDIN. Preliminary planning, yes; until it was definitely decided what the Air Force intended to do with that station, but it

would be merely the gathering of preliminary data. I do not think they were in a position to decide what they wanted to do with that station until they could get the planning directive out.

General MYERS. That is partially right, sir. We knew that we wanted to build an indoctrination center there, but the details of it, so that the engineers could proceed in as orderly a manner as possible, were not available in written form until the 26th of April. It took us that long to get instructions out.

In the meantime I know, and I am sure that the Chief's office was aware, that we were going into Camp Shumaker and our installations representative in the field had advised the district office that we were going to. But they were also aware that the Air Force had to make certain agreements with the Navy and make certain plans before the engineers could proceed.

Mr. DONNELLY. This, General Myers, appears to be rather fundamental. The Sampson work was undertaken December 28, 1950. As I understand it that resulted largely from overcrowding at Lackland plus the rapid expansion of the training program. The Sampson contract was away out of hand in February and I think that was common knowledge to the Air Force, was it not?

General MYERS. Yes, sir.

Mr. DONNELLY. And in March, the Air Force told the Corps of Engineers that they had to build 119 barracks at Amarillo, plan and build them within 90 days; that is, beneficial occupancy on the 15th of June, as I understand the facts. So that there is no question but that everyone was aware of the need for acceleration and rapid construction.

At that very time and contemporaneous with these events the Air Force also knew that it planned to undertake large construction operations at Camp Parks in San Francisco. The three tied together, as I see the facts.

I wonder if the Air Force actually gave the engineers as much notice and assistance in the matter of planning, as it could. That is one thing, whether the Air Force could not have given the corps a matter of 30 days more at Camp Parks, or 30 days more at Amarillo, to permit the drawing and firming up of plans and specifications?

General MYERS. Perhaps General Disosway can answer that question?

General DISOSWAY. To meet the program that had been given us; no. We needed the bases as soon as possible, and the dates that were laid down in the program were those dates that appeared attainable by using accelerated construction methods. Had we given them more time, it would have meant simply that you peak the program more and more, delay the attainment of the end of your objective which had been given to the Air Force.

Mr. DONNELLY. Do you feel that the Air Force gave the Corps of Engineers as much notice on Amarillo and Camp Parks as it could have given the Corps of Engineers?

DELAY CAUSED BY DENIAL OF RIGHT OF ENTRY TO CAMP PARKS

General DISOSWAY. From my connection with it, it seems to me that they did. With particular reference to Camp Parks, there were other angles that came into this, and I merely got into the fringe of

it. That was the matter of the right of entry into Parks to see what we could use there, what was there, and what had to be built.

I recall some time in this period, when it appeared that an agreement could be made with the Navy under which we could take Shumaker and cancel Kohler and get the same facilities for less money for indoctrination training, I called out to Mather field command and asked them to get together with the district engineer out at San Francisco, and go to Camp Parks and see if they could not give us a report by June, so that I could give it to General Myers, and get some idea of what was in existence out there, what could be used, and what the problem was. They were denied entrance to the post.

Mr. DONNELLY. By whom?

General DISOSWAY. By the Navy, who was running the post at that time.

Mr. FURCOLO. Security?

General DISOSWAY. I do not know. But I got into it to that extent. And then I got into it again on the same questions that you were asking me.

NEGOTIATIONS WITH NAVY AS TO PORTION OF BASE WOULD BE TRANSFERRED TO AIR FORCE

I explained that situation to the people in the Office of the Secretary of Defense who were interested and to the Navy to their complete satisfaction during the negotiation period, on how much of this base we were to get and how much the Navy was to reserve in case they had to build some sort of a station out there.

As it finally turned out, as I recall, we got a certain portion of it where we could build a base that would handle some 20,000 students and they reserve enough to build a base that would handle 25,000 students. Now, that did not come about over night.

Under those circumstances, not being an engineer or an expert in building things, it would have been rather impossible for the Air Force to tell the engineers what they were going to build, because nobody knew until the negotiations had been finished. We knew what we wanted, but we did not know whether we were going to get sufficient ground, or what we were going to get into. It was not quite clear in any body's mind, either the engineers' or ours, what was avilable and what could be rehabilitated. I believe that is correct, is it not, General?

General HARDIN. I would say so.

General DISOSWAY. So that was the situation we were faced with there.

RESPONSIBILITY FOR SETTING OF COMPLETION DATES FOR BENEFICIAL OCCUPANCY

Mr. DONNELLY. General Disosway, could you tell us who actually sets the completion dates, or the completion dates for beneficial occupancy in operations such as this? Are those set by General Myers who is the director of installations?

General DISOSWAY. That is correct.

Mr. DONNELLY. Or is it actually done by your office or by some other office not associated directly with construction?

General DISOSWAY. I tell General Myers when I want a thing and General Myers, if he can do it, meets my date. If he cannot do it, he tells me when he can meet that date, or what date he can meet. Then I adjust my program to meet his date. After he gives me the date, then I put the supply wheels turning, so that all the necessary supplies are out there—the furniture, the clothing, and all that sort of business, In other words, it is a coordinated date between the two offices.

General MYERS. That is right, sir.

Mr. DONNELLY. Has that been the policy continuously during the past 2 years?

General MYERS. Yes, sir.

General DISOSWAY. Yes, sir.

Mr. DONNELLY. Or was that brought about by the proviso in the Second Supplemental Appropriation Act of 1951?

General DISOSWAY. No, sir. We never plan on using any base for training until I personally have gone down and talked it over with General Myers. It involves too much movement of personnel and materials and what-not and unless I have a good estimate from General Myers that this will be in position, we cannot do it. If he runs into situations where he cannot get steel, or what-not, to complete the base, he tells me just as soon as he can, and then I have to make provisions to divert things and overcrowd other places. The coordination between General Myers and myself is very, very close—it has to be.

General MYERS. That is right; it is daily coordination. That is on the training installations. We have the same thing with the operations people on the activation dates for units. They tell us when a unit has got to be activated according to the program. We tell them whether or not the installation can be ready at that time. Of course, we get our information from our close contacts with the Corps of Engineers on what are the estimated completion dates.

I would like to say further in connection with this planning for Camp Parks and the other bases in the fourth supplemental, that the Corps of Engineers was completely aware at all times what was going on, because they had a liaison officer with us, and the telephone was hot every day, all the time. That officer came over to see us and we were over there to see them.

I will have to supply you the actual time schedule, what was done, step by step, on Parks and when each action was taken, if we can reconstruct it; and I think we can.

Mr. RILEY. General, as I understand it, you made an inspection of Parks to see what you would need and you had a representative of the United States Army engineers with you to make the inspection and then, in accordance with your request of the Corps of Engineers, they went in independently, and at a later date, to make their own inspection?

General MYERS. Are you referring to when I was out there myself, sir?

Mr. RILEY. When you went to Parks to see what you would need?

General MYERS. I would say that was either a joint inspection on the same day, or a joint inspection the next day by our Air Force installation representative and the Corps of Engineers. In other words, it was a concurrent action.

Mr. RILEY. I think that answers the question.

LIAISON BETWEEN AIR FORCE AND CORPS OF ENGINEERS

Mr. KORTH. I should like General Hardin to comment further on the liaison between the Air Force and the Corps of Engineers.

General HARDIN. Mr. Chairman, the liaison between the corps and the Air Force is good. We are working day by day with them, to help them prepare information for their budget programs. We do have a very close relationship. General Myers and I are months ahead of the usual programing, discussing it, and what not, in a general sense.

There is no question but what we may have known and our district probably participated with their Air Force installation officer, to get information to feed back here to Washington about Parks.

But I think it is necessary also to realize this, that from a practical standpoint, you may know about a situation, but it is not good policy to make a contract on such kind of superficial knowledge; because General Myers may not be able to get approved what he contemplates doing. There may be many slips between the initial concept of what they would like to have done and what we may do by committing the Government in a contract to perform certain services.

In the case of making an architect-engineer contract for either the detailed planning or an architect-engineer contract for the broad planning, and the ultimate development of what we call the master plan, you have to know what is going to be done before you can define the scope of the work in order to give these people a contract to perform.

Therefore, while we may have had preliminary knowledge of their desires and intentions, we have learned by experience that it is not good to make the contract until you know what you are contracting for.

Mr. RILEY. I agree with that thoroughly. I think you save time by close cooperation such as you have indicated here, in having your engineer go with the representatives of the Air Force to look over their projected program. It certainly saves a second inspection.

General MYERS. I certainly agree with everything General Hardin has said. It remains for us to give you the timetable of exactly what happened, I think.

RESPONSIBILITY FOR SETTING CONSTRUCTION COMPLETION DATE

Mr. DONNELLY. Who actually sets the construction completion date? General Disosway asks you, General Myers, when you can get something built. Do you, in turn, ask General Hardin, who is the one to do the building? Or do you fix that completion date yourself, as director of installations for the Air Force?

General MYERS. In the normal case we ask the engineers when it can be done. In other words, in making up a program, there is the estimated date of planning of the design directive, the estimated date of the award of the contract, and when it will be completed. That will vary for all kinds of items. But from that we have to make an estimate then of when the base would be ready.

We talk to the engineers about whether or not their program could be speeded up in some way. It may be necessary for us to furnish them information that would speed it up and we finally arrive at what

the engineers are able to do and that, then, becomes our completion date.

In the case of these facilities, however, the only way we could arrive at a completion date that would come close to meeting General Disosway's program was by expediting, and we set, in some cases, completion dates that perhaps were not possible of attainment, and in other cases very close completion dates. So that I would say that in the case of this program and particularly on these training bases that we set completion dates that the engineers could only meet by the most expeditious action, and in some cases they were dates which they could not even meet by those actions. In other words, the heat was on to get the job done just as fast as we could.

NECESSITY FOR COMPLETE AUTHORITY AND UNDERSTANDING PRIOR TO INITIATION OF PROJECT

Mr. FURCOLO. When you submit whatever statement it is you are going to submit as to these various dates, I am interested in this question. I can understand that before you get the green light to go ahead, there are certain procedures that must be gone through between the various services. Eventually you know that you can go ahead with a project that has been approved by whoever may be your superior. Then you have the green light to go ahead. Then, of course, when you give firm notice to General Hardin, he knows that he is an iron-clad situation.

Now, I am also interested in what we might call the more informal understanding. Let us say, instead of being a green light, it would be the yellow light or the caution light, something comparable to the so-called letter-order contract that is something given in place of a formal contract.

In other words, the date that I am interested in is, when were you reasonably certain that you were going to be able to go ahead; and when you were reasonably certain what the formal understanding would be? I am also interested in when General Hardin would be reasonably certain. I gather that all of the branches of the service, in making their own general plans, based on what money Congress may or may not give them, proceed to a certain extent on an assumption, which may be reasonable or unreasonable, but they have certain informal knowledge and then later on they have more definite knowledge.

I suppose the same applies in your department and in General Hardin's department, that there is a date on which you are reasonably certain that everything is going to come through according to schedule and while you are not protected 100 percent because you still do not have that ironclad authority, nevertheless you are reasonably certain.

Now, is what I have said just about right or wrong?

General MYERS. That is correct.

General HARDIN. There is only one thing that I would like to add to that, Mr. Furcolo, and that is that until we are given money for a particular operation, we do not commit Air Force funds for the purpose. They tell us what they want us to do and give us the monetary authority to do it.

Mr. FURCOLO. I can understand that. And I can also understand how it would be impossible—at least it seems so to me—for you to

commit money ahead of time. Otherwise you might be before a congressional committee such as this, who would be saying to you, "For Heaven's sake, what were you doing here? You did not have any authority."

In situations such as the one before us, everyone agreed that there was a great need for haste and rush to complete these projects and somwwhere there came a specific date when you, General Myers, were sure enough in your own mind so that you felt you were within your rights to proceed to take some definite action.

And I think, General Hardin, that the same would also apply in your situation. I believe that those dates would perhaps be a little bit earlier than the final, official, formal notification.

So what I am interested in from you, General Myers, in addition to whatever date might be called the official, green-light date, is the date that, in view of all the circumstances, of the need for haste, and so forth, when you were willing to say, "I will now commit the Air Force and take my chances on the formal notification coming through."

And I would like a corresponding date from you, General Hardin, together with any other dates that you think might be material.

General MYERS. Yes, sir; I will have to get that date for you.

Mr. FURCOLO. That is all right.

General HARDIN. We have only one thing to go on and that is a firm authorization to commit funds.

Mr. FURCOLO. If that is all that you have, then just submit that. Frankly, if I were in your shoes, I think I might say, "I am going to sit here until I am notified and then I will go ahead." It may be that there is not any other date, so far as that is concerned. If that is true, I want to know it, because it may be that we will want to say to you, "You should do such and such," but on the other hand, we might think that you should not.

That is all I have, Mr. Chairman.

Mr. RILEY. General Hardin, is the same procedure followed with regard to an Army request for construction?

General HARDIN. Yes, sir.

Mr. RILEY. You do not attempt to do anything until you have formal authority?

General HARDIN. Not to commit the Government to any contractual obligation.

Mr. RILEY. How about preliminary plans?

General HARDIN. We do. And I am certain that we did in this case of Parks, assist the Air Force in getting information. But that is far from doing anything leading to detailed plans and specifications which you can use to give a contractor, to build something from. All you can do is to get survey data; you might get information on utilities, water supply, general condition of roads, drainage, things of that kind. You get those in general terms. Our people have always, since we have been doing work for the Air Force, and certainly for the Army, stood ready at any time to use our own personnel to gather that information.

We are doing it every day for Ordnance and for other services of the Army, going out and getting information about a plant or a facility, and helping the using service to determine whether the thing is good enough to consider, or whether it is beyond the pale or whether it will cost too much, or what not. We do that with our organization.

But when it comes to the detailed planning, as you know, we do not do that ourselves in this emergency situation, since we have such a tremendous workload, so we engage architect and engineering services in private industry.

So while we can help in the preliminary stages, it is not possible to do much more than gather the preliminary data leading to something more firm.

Mr. RILEY. That is absolutely essential before you could give a professional opinion as to whether or not the construction contemplated was feasible.

(Discussion off the record.)

Mr. DONNELLY. When we started this morning, General Myers was supplying some further information with reference to Camp Parks and Sampson. Have you any further information to give us on Sampson at this time?

General MYERS. No, sir.

SAMPSON AIR FORCE BASE

PAYMENTS FOR OVERTIME AND STRAIGHT TIME

Mr. DONNELLY. With reference to Sampson, I have here a compilation of the overtime as against straight time that was paid on that job. We find that the total straight time is $6,400,000 and the total of overtime is $2,588,000. Mr. Chairman, may I ask that this statement be inserted in the record at this point?

Mr. RILEY. Without objection, it will be put in the record at this point.

(The matter referred to is as follows:)

Sampson Air Force Base, Geneva, N. Y., Oct. 5, 1951

	CPFF prime contractor Sampson	CPFF plumbing subcontractor Malan	CPFF electrical subcontractor Delta
Manual labor:			
Straight time	$1,671,150.00	$1,317,685.78	$302,167.36
Overtime	1,177,377.17	1,016,198.57	185,707.80
Total	2,848,527.17	2,333,884.35	487,876.16
Nonmanual labor:			
Straight time	359,608.51	131,674.56	38,641.59
Overtime	136,272.95	60,762.81	12,329.69
Total	495,881.46	192,437.37	50,971.28

Total straight time	$6,409,590
Total overtime	2,588,665

Source: Corps of Engineers, Sampson Air Force Base.

MINUTES OF MEETING BETWEEN CORPS OF ENGINEERS, AIR FORCE, AND CONTRACTORS, JANUARY 3, 1951

Mr. DONNELLY. Mr. Chairman, I have excerpts here from the minutes of a meeting held at Sampson Air Force Base January 3, 1951, between the representatives of the Corps of Engineers, the Air Force, and the contractors. I should like, if I may, to insert this in the record at this point.

Mr. RILEY. Without objection, it is so ordered.
(The matter referred to is as follows:)

HEADQUARTERS, 3650TH AIR FORCE INDOCTRINATION WING, SAMPSON AIR FORCE BASE, GENEVA, N. Y.

Minutes of a meeting held at Sampson Air Force Base, January 3, 1951, between the district engineer of New York (contracting officer), key personnel from Headquarters, USAF; headquarters, Air Training Command of Scott Air Force Base; CO Sampson Air Force Base and the prime contractors for the rehabilitation of Sampson Air Force Base, i. e. Five Boro Construction Corp. and Malan Plumbing Co., Inc., who were represented by Mr. A. H. Kagan, president of Five Boro Construction Corp. and Sid Feldman, secretary of Malan Plumbing Co., Inc.

1. At this meeting the prime contractor was given a new priority I for prosecuting the rehabilitation work [attached hereto] and was told that the contracting officer would pay by change order all of the premium labor and material rates involved in completing the work under priority I. This was made necessary by the Air Force requirement for manning this station at an earlier date. The labor-premium time is understood to include all of the labor cost in excess of the labor costs figured by the prime contractor in his bids, to wit, five 8-hour days, plus 2 days at time and a half. The probable premium time to be paid the contractor would also include additional supervisory and administrative personnel required and the same principle would apply to certain items of equipment and material.

* * * * * * *

Priority I—To be completed by February 10, 1951 (dining halls on separate schedule):
Cold Storage Building (to be completed by March 10, 1951)
Main Heating Plant (Serving "L", "M", and "N" area)
Central Administration Building and Annex
Post Office
Main Fire Station
All of areas "L", "M", and "N" except the laundry and the bakery
Dispensary in "H" area
Five (5) NCO Quarters in the "F" Area
Four (4) MOQ's, two (2) each in the "F" and "G" Area
Main Sentry House
Roof only of the "E" Area Drill Hall (Shingling)
In-processing Building A2
All of area "H" except H–2–40 (Dining Hall) and H–38–51A (Ships Stores)
Pass and Identification Building A–1–161B
Portion of the Hospital area including X-Ray, etc.
Priority II—To be completed by March 1, 1951:
Remainder of Area "G"
"Wilkie" Hall, K–2–66
Grand Central Station A–17–8
Heating Plant, A–14–148
Potter Hall, K–4–64
Rifle Range F–2–61
Rifle Range E–3–61
Rifle Range D–3–61
Rifle Range C–3–61
Hospital Area Wards, A–5 through A–12 and Nurses BOQ #74
Priority III—To be completed by April 1, 1951:
All of "N" area and remaining NCO Quarters including F–5–40 (Rehabilitation with the exception of Dining equipment and Refrigerators)
All of the "A" Area
All of the "C" Area
The Brig and adjacent barracks, B–23–12, B–21–25, B–22–26
Remainder of the Hospital Area

Priority IV—To be determined
All of the "P" area
Sullivan Auditorium, A–6–53
The commissary, A–12–194
The two (2) Chapels, A–7–54, E–33–54
All of the "Y" area
All other buildings and facilities not on any previous priority.
Furnished by Resident Engineer's Office of Sampson Air Force Base.

OVERTIME PAYMENTS TO WORKERS

Mr. DONNELLY. I would like to invite the attention of the committee members to the last four or five lines of this paragraph in which it is stated that the compensation would be five 8-hour days plus 2 days at time and a half. It states further that the probable premium time to be paid the contractor would also include additional supervisory and administrative personnel required, and so forth.

We have obtained from the Corps of Engineers payrolls showing the straight overtime pay to various crafts on this job in the month of February 1951, which shows that the overtime pay was actually double time instead of time and a half.

I should like, if I may, to hand each committee member a copy of the payrolls and invite their attention to several points therein.

On the first payroll sheet, which covers area foremen, plumbers, and steamfitters 16 employees are listed herein. The straight-time rate is $3 an hour and the overtime rate is $6 an hour.

The first employee shown there indicates 40 hours straight time and 39.5 hours overtime, and he earned $357.

If the members will look down that column to No. 5, you will find that on a Sunday, one of the employees worked 23.5 hours at double time and was paid therefor. His salary for that week totaled $429 for 91.5 hours of employment.

LONG WORKING DAYS OF CERTAIN EMPLOYEES

General Hardin, on yesterday you mentioned to me that that same employee had worked similar hours on other occasions on this job. Did you have some notes from which you wanted to testify with respect to this employee?

General HARDIN. Yes, Mr. Donnelly. I can comment upon that indirectly in this fashion. During the previous investigation of this project it was brought out that this particular individual whose name is J. Izzo worked similar periods of time, during the cost-plus-fixed-fee period of this contract. He was a plumbing foreman. At the time this comment was made it was in explanation of the fact that Mr. Izzo and others had worked these extremely long periods of time to meet completion dates.

I have copies of affidavits which were sworn to by individuals familiar with the circumstances, indicating that Mr. Izzo did work 23.5 hours on several days in March.

Mr. DONNELLY. Were they successive days?

General HARDIN. They were successive days.

Mr. DONNELLY. How many were there?

General HARDIN. They were 3 days in March—March 2, 3, and 4.

Mr. DONNELLY. And how many hours on each of those days?

General HARDIN. 23.5.

Mr. DONNELLY. For each of the 3 days, hand running?

General HARDIN. That is correct.

Mr. DAVIS. My recollection is not sufficiently good to recall whether or not this period in March was while they were still on a lump-sum contract, or was that after you had gone over to the cost-plus-fixed-fee?

General HARDIN. It was during the cost-plus-fixed-fee operation.

Mr. DONNELLY. General Hardin, with respect to the 23.5 hours for these days in March that you have just indicated, did the Corps of Engineers' inspector independently keep time records of the hours worked by this employee and by others, or did the Corps of Engineers rely entirely upon the time checkers of the contractors and subcontractors?

General HARDIN. From my personal knowledge I cannot answer that question but I can answer it from the standpoint of policy. It is the policy not to rely entirely upon time checkers employed by the cost-plus-fixed-fee contractor. Spot checks are made by Corps of Engineers personnel.

Mr. DONNELLY. General, were these payrolls audited by some official of the Corps of Engineers?

General HARDIN. They were audited by the Army Audit Agency. All cost-plus-fixed-fee contracts are audited by that agency.

Mr. DONNELLY. Do you know whether any attention was given by the representatives of the Department of the Army to such items as time for meals in a 24-hour day?

General HARDIN. Do you mean, to allow them to have time for meals?

Mr. DONNELLY. Does the Department of the Army recognize or feel that employees should take appropriate mealtimes if they are going to work such extremely long hours as indicated here?

General HARDIN. Yes. But I believe that is part of the time which they are paid for. In other words, if there is a meal that they are entitled to have payment for; is that it?

Mr. SCHNEIKERT. I believe the normal work day is 8 to 4:30.

General HARDIN. I would like Mr. Schneikert to answer that question, if he may. He is familiar with that to a greater degree than I am.

Mr. SCHNEIKERT. According to union agreements with the contractors in the area, the normal workday is from 8 in the morning until 4:30 in the afternoon.

Mr. DAVIS. Which would allow them half an hour for a midday meal?

Mr. SCHNEIKERT. Yes.

Mr. DAVIS. Obviously the contractor was paying this man the time that he spent in eating his meals and doing all the other personal things that we expect all people to do normally in the course of 24 hours. I hope that this will not be construed as Government approval of that kind of thing. We have trouble with the Government approving some things that set a pattern for labor relations in some other agencies of the Government right now.

Mr. DONNELLY. General, do I understand correctly that these payrolls that we are looking at were payrolls for a period of the unit-price contract and that they have been approved by the Army for reimbursement in total to the contractors?

General HARDIN. No, Mr. Donnelly. They have not been approved in that sense for reimbursement. There are negotiations now under way on that contract.

Mr. DONNELLY. Did I understand you yesterday to tell me that there have been processed a number of items of materials and the payrolls, and that the payrolls had been approved?

Mr. SCHNEIKERT. Not the payrolls as such. In a termination settlement, the contractor indicated the amount which he had been paid or which he had expended for direct labor and the Army audit agency found no discrepancy in the contractor's figures.

Mr. DONNELLY. In connection with the matter of working such long hours, which is shown on sheet 36, we find with respect to employee No. 10, that he worked on Monday, 8 hours; on Tuesday, 10 hours; on Wednesday, 23.5 hours. He laid off on Thursday. Then he worked on Friday 23.5 hours; 10 hours on Saturday, and 23.5 hours on Sunday.

On the next page we find somewhat the same situation with respect to employee No. 11 who worked 12.5 hours on Monday; 10 hours on Tuesday; 23.5 hours on Wednesday; laid off Thursday; 10 hours on Friday, and 23.5 hours on Saturday.

Then we turn to the next page and the members will observe there is no employment shown at all, or time worked on Monday for every employee on that page except one, with overtime the balance of the week, day by day.

We do not have the payrolls for the week preceding or following, as to those employees.

The same situation on the next page, which is identified as sheet No. 52.

Then the next page, sheet No. 53, we find there were a number of employees who did not work the first 2 or 3 days of the week.

On sheet No. 54 we find a situation that Colonel Kroeber indicated to us yesterday, as I recall, and that is, it became appropriate or desirable to use the services of craftsmen who had other jobs during the week to work on Sampson on Saturday and Sunday, and we find on sheet No. 54 a considerable number of employees who worked 10 hours on Friday, Saturday, and Sunday, each day, or 10 hours on each Saturday and Sunday, making for the three 10-hour days, $130 and for the two 10-hour days, $100.

The same thing is true on the next sheet, sheet No. 5.

(Discussion off the record.)

Mr. DONNELLY. On the Sampson project, as I indicated, the straight time paid was $6,409,000 and the overtime paid was $2,588,000, and that is one of the factors which pyramided the costs of the Sampson job. It would be expected in accelerated construction.

NEED FOR PROPER SUPERVISION AND ORGANIZATION TO MINIMIZE OVERTIME REQUIREMENTS

Now, General Pick has some comments to make with respect to the situation at Sampson in a conference held by the Corps of Engineers in Chicago on the 18th or 19th of April 1951; in other words, 2 months after these payrolls. I will not quote him directly. I will paraphrase what he stated here since Mr. Korth has advised me that his remarks have not been edited. I think that they are illustrative as to his own feeling on the policy on overtime.

Mr. KORTH. That is correct.

Mr. DONNELLY. General Pick said that during the course of the conference that if the jobs were set up right and supervised properly the jobs would be completed on time. On the other hand, if the jobs were not set up and supervised properly, all the overtime that would be allowed would not clean the job up. He said that you must sterilize a job if it gets into shape like that. But then he indicates there was a job where the working hours were 60 a week, and he first cut that job back to 54 hours a week and then he took steps to see that if he could not get the job completed by cutting it back further to 48 hours a week, and he stated that something drastic must be done in order to straighten out a sick job. He said when you get excessive overtime you get criticism from all sources, and it does not mean that you are getting a job out any faster, or any better.

That gets us to the matter of the administrative supervision of the Sampson operation.

Yesterday I believe, General Myers indicated that the administrative set-up for the construction was weak and that was one of the factors that brought about the termination of that unit price contract; it was weak for the amounts of money that were being spent under it.

Colonel KROEBER. I made that statement.

General HARDIN. I think in fairness to the statement that Colonel Kroeber made, the contractor was an able contractor but he was not administratively set up for the much larger burden.

Colonel KROEBER. His paper work could not keep pace with the job and the requirements of such a job.

Mr. DONNELLY. Now, from the standpoint of the supervision of the job by the Corps of Engineers, I have discussed this quite at length with General Hardin and he has views on the efficiency of the supervisory organization of the Corps on this Sampson job.

EFFICIENCY AND COMPETENCE OF CORPS OF ENGINEERS SUPERVISORY ORGANIZATION DURING ACCELERATED PERIOD AT SAMPSON

By way of background, before we get into it, I would like to inform the members of the committee that the Inspector General of the Army investigated another cost-plus-a-fixed-fee contract, not this one, the Sunflower Ordnance job, and as a result of that investigation it was found desirable and necessary to put in charge of that job the chief of the construction division of the district office of the Corps of Engineers. In the Sampson situation the resident engineer in charge of construction was a major, and he was a graduate of the Military Academy in 1943.

General Hardin indicated to me that when the Sampson job started it appeared to be no more than a rehabilitation job of less than $3,000,000, and it was entirely appropriate to assign the supervisory force that was assigned to commence it. Then there came a time when the job snowballed and expanded out of all proportions originally intended.

I wonder if General Hardin would have some observations to make on the efficiency and the competence of the Corps of Engineers' supervisory organization during the accelerated period there at Sampson in the expansion of construction.

General HARDIN. Mr. Chairman, I think that you have to look at these things in the perspective that surrounded them in order to appreciate what was done. I do not say that the Corps of Engineers is uniformly perfect. I do not say that the Corps of Engineers never makes mistakes, nor do I say that we have unlimited people of the highest caliber to perform the jobs that are given to us to undertake.

We began the Sampson project, as I believe many investigations have already indicated, on the basis of a unit price contract which had been duly advertised on a competitive basis, and assigned to that job was an inspection force in keeping with the difficulty of the undertaking.

Soon after it began it was necessary to increase the tempo, and the force to inspect that work was still considered adequate. It was considered adequate for the nature and complexity of the work.

However, as you well know, the scope of the work was further expanded and it became necessary to expand the capabilities of the construction contractor by introducing additional capacity, and due to the lack of plans in advance and an opportunity to delay until plans could be prepared, it was necessary to use the cost-plus-fixed-fee contract or type of operation. This was entirely in keeping with the urgency of the situation, and the general preparedness effort, which was uniform throughout the Air Force and the Army at that time.

The question has been raised—Was the supervision at this job adequate? I do not think anyone in the Corps of Engineers will say that it was as perfect as we would like to have had it. To meet this emergency situation of throwing the cost-plus-fixed-fee operation into Sampson, it was necessary to take the Chief of the Inspection Division of the New York district and assign him to this project. That man had long and extensive experience in the Corps of Engineers and also in supervising cost-plus-fixed-fee contracts during the previous emergency in World War II.

There were other experienced men in the New York district in the supervision of cost-plus-fixed-fee contracts who gave attention to the legal and contractual and construction phases and planning of this work.

The same area engineer remained on this job.

The question has been raised by Mr. Donnelly—Why did we not put a brigadier general on that job? Well, I think it is only fair to invite your attention to the fact that the Chief of Engineers had only three brigadier generals available to him for the whole construction program, which was snowballing at a tremendous rate. This was only one small job of many, many larger ones than this throughout the world and in the United States. A $15,000,000 cost-plus-fixed-fee contract at this place, although it was a difficult one in magnitude, was nowhere near as large as others we had hastily undertaken. Therefore, it became a matter of doing what we could with the forces available to us. Also remember at that time very heavy drafts were being made on the Corps of Engineers to send qualified leaders into combat in Korea.

The availability of officer personnel was not unlimited, and is not yet.

I think the New York district to which this project was assigned was bearing a tremendous workload, not only in the United States but also in initiating work offshore. The district has to continue to function

even though there is one place where you would like to give very detailed and personal attention. The district is an organization which cannot be completely disrupted by one job. They had hundreds of jobs which they were endeavoring to inspect and plan and supervise.

In summarization, there was no attempt made by the Corps of Engineers, to my knowledge, to say that the supervision of this job was perfect. I think the Chief of Engineers gave personal attention to the job and made trips to it. Likewise, the district and division engineers gave personal attention to the job, particularly in the cost-plus-fixed-fee phases.

Mr. FURCOLO. Perhaps I missed something when I went to the floor to answer the roll call. Do I understand that this officer, who ever he was, did or did not do something because of a lack of higher rank? Was there any failure on his part, or anything that he could have done if he had had higher rank?

General HARDIN. I do not think so. I do no think that has ever been claimed, nor have I heard it.

Colonel KROEBER. May I be permitted to add my personal observation in that respect, as the project officer on the job? Maj. Mike Davis, who was the engineer in charge on the project at the Sampson job, from my personal opinion in dealing with him—very frequently and closely—is one of the finest young officers in the Engineer Corps that I have had the pleasure to meet. His integrity and his efficiency, I think, were not questioned by anyone on the job, nor by anyone who investigated the job. I was personelly present when Representative Clemente's subcommittee investigated the job. His capabilities and his integrity I think were commensurate with those of any officer that may have been put on the job. The fact that he was a major did not hamper him because everyone respected the man, both on the part of the contractor, on the part of the using organization, and on our part. He had no difficulties in that respect, and everybody who worked with him did everything possible to back him up and help him.

LONG HOUR WORKING DAYS OF CERTAIN EMPLOYEES

If I may be permitted, I would like to make a clarifying remark in justice to one individual who was mentioned on this payroll, and also on the February 11 payroll itself. I would like to state that the February 11 payroll period, or the period ending February 11, was the most critical period in our Sampson job. That was the period when we were forced to complete the initial increment of construction. It was the period, as I mentioned yesterday, when we were in the last 3 days and the construction forces pushed for almost 3 nights and 3 days to complete the two mess halls to make them available.

Mr. Izzo, whose name was mentioned here, was the principal plumbing foreman who worked on the mess hall for the installation of the plumbing equipment. This particular case of the three, 23½-hour days was gone into in great detail in the public hearings that Representative Clemente conducted. Mr. Izzo testified under oath and it was proven that Mr. Izzo did actually and factually work three 23½-hour days on the job, on the completion of the drill hall at Sampson. Mr. Izzo was given the job without plans and specifications of going into that drill hall and installing all the plumbing

and heating system necessary to support the officers being installed when there was no heat or any facilities available. He went in with his crew, made up his own plans for the installation and installed the equipment, and he is the kind of a bird that when you give him a job—and I believe that he convinced Representative Van Zandt and Representative Clemente at the time—he would just stay on a job and complete it. He stayed on this job 3 days and completed it.

Mr. FURCOLO. Is the overtime picture the same after the change in the contract?

Colonel KROEBER. The overtime was reduced. I have before me here, sir, the labor rates that were in effect at Sampson at the time, and a statement was made before with reference to the agreement that was drawn on the 3d of January which specified time and a half. That time-and-a-half feature, and that agreement, was in error. I sat in a meeting when the agreement was drawn, and none of us realized under the union rules most of the skilled trades draw double time for any hour worked over standard time. There are very few trades that draw time and a half for a specified time and double time thereafter. The majority of the skilled trades, as you can see by an examination of the schedule, draw double time automatically for everything over 40 hours.

Mr. FURCOLO. That is not what I was referring to. Apparently a good many of the people who were working were not working very much, if at all, on Mondays and Tuesdays, but were putting in long hours on double time days; is that substantially correct?

Colonel KROEBER. Yes. There is an explanation for that.

Mr. FURCOLO. The explanation was given the other day that a good many of them were working on other jobs and there was a skilled labor shortage.

Colonel KROEBER. That is right. Some of the people worked only over the weekend. Also, in other instances, some of the people had worked overtime, such as in this period I mentioned, and had to take time off the following Monday in order to rest, or the equipment that they needed to work with may have not come in coincidently until that Saturday or Friday.

REDUCTION IN OVERTIME AFTER CHANGE TO COST-PLUS-FIXED-FEE CONTRACT

Mr. FURCOLO. I understand that, but what I would like to know is what the picture was after the change in the contract. Before the change in the contract, when these people were getting double time, apparently a good many of them were not working much, if at all, on Mondays and Tuesdays, but whatever the reason may be, the picture shows that on Saturdays and Sundays, and any double time day, they were putting in a good many hours. I assume that whatever the reasons were that caused that to happen still existed after the change in the contract, and I am wondering if the overtime picture remained the same.

Colonel KROEBER. Not as drastic after the change was once made, because once we had met that February 10 initial completion date of the first phase we were not under the same amount of pressure any more than we had been before.

Mr. FURCOLO. Would it be fair to summarize it by saying after the change in contract the overtime picture, as far as the number of hours that men were working overtime were concerned, was cut down greatly but it was not due to any reason other than the fact that the pressure was off? In other words, it was not caused by the fact that it was changed from double time to time and a half?

Colonel KROEBER. The total amount of overtime hours was progressively scaled down from that time on, sir.

Mr. FURCOLO. And your reason for it is that it was not caused by the fact that the overtime rate was changed from double time to time and a half?

Colonel KROEBER. No. The overtime rate could not be changed. The overtime rates were firmly established by local union rules. Only the amount of overtime that could be worked on a job was drastically reduced, as General Hardin pointed out, by General Pick, from 60 to 54 and later down to 48 hours. The situation was also alleviated by the fact that the cost-plus-fixed-fee contractor almost doubled his working force and brought in more people, thereby being able to work more standard hours than the initial contractor had been able to do.

Mr. FURCOLO. Where did he get those people?

Colonel KROEBER. He hired them.

Mr. FURCOLO. From the surrounding area, or did he import them from the region? Offhand, it looks as though at one stage of the game the overtime was being loaded on, and it seems that at another stage of the game it was not. There may be many reasons for it. I cannot see what the difference would be in the labor market before and after.

We have been told that the labor market up to that time was such that there was a shortage of skilled labor and for that reason, which is understandable, they had to take men who were working steadily in other jobs and bring them to this job for overtime.

Now, if there is a difference in that labor market after a certain date, that would perhaps explain why he would get other people. Unless there is some reasonable explanation, it seems to me that there is something there that calls for some more explanation. I do not want to be unfair about it.

General HARDIN. Mr. Furcolo, I believe there was very little difference in the amount of overtime from the time when this was a unit price contract into the first stage of the cost-plus-fixed-fee contract. In other words, it was an excessive amount of overtime, partly due to the meeting of the initial completion dates, and then the continued urgency, but it was not good and General Pick visited the site, made an inspection on the 19th of March with the division engineer, and at that time General Pick directed that the workweek be reduced to 54 hours, and to study the possibility of reducing the workweek further to 48 hours. It was also directed that excessive overtime required in maintenance be reduced as rapidly as possible. It was stated all these efforts would reduce the maximum pay accruing to the individual and thus provide a more healthy situation. That was the action taken by General Pick at that time.

Mr. FURCOLO. Would it be fair to say then that the reason for the reduction in overtime hours stemmed directly, if not exclusively, from that order of General Pick?

General HARDIN. Yes. I think it came directly from that order of General Pick's, because the job can run just so long on an excessive overtime basis before you begin to get little benefit from the extra hours that the men spend on the job. You can go at full speed for a month or more and gain, but you cannot keep it up indefinitely.

THURSDAY, APRIL 10, 1952.

SHEPPARD AIR FORCE BASE, WICHITA FALLS, TEX.

REHABILITATION OF HOSPITAL

Mr. RILEY. The committee will please be in order. I shall ask Mr. Donnelly to proceed with the hearing.

Mr. DONNELLY. Mr. Chairman, I should like to invite the attention of the committee to the rehabilitation work done at Sheppard Air Force Base, in an accelerated manner, on a negotiated contract. I have here a statement summarizing the situation as the committee staff found it. I ask that that be inserted in the record.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

SHEPPARD AIR FORCE BASE, WICHITA FALLS, TEX.

The rehabilitation of a World War II hospital at this base was hurriedly placed under contract on May 31, 1951, by means of a letter order after negotiation with only one contractor. It was stated by an Air Force representative that the letter order was used to insure the obligation of funds which would otherwise lapse at the end of June.

The work, having an estimated cost of $655,251, was started on June 6, 1951. Although the Air Force advised the corps that it was imperative that the hospital facilities be rehabilitated at the earliest possible date, the staff found the work proceeding at a leisurely pace when the project was visited on August 21, 1951. The basis for the negotiated contract was a 48-hour week; however, only 40 hours were being worked, and a 30-day extention to the contract had been granted. The staff was informed that there was no rush to complete the contract.

ACTIVE STATUS OF BASE

Mr. RILEY. Was the Sheppard Air Force Base in operation all the time, or was it a reactivated base?

General MYERS. No, sir; it was in operation at the time that this work took place. Sheppard was reactivated about 1948.

Mr. MCCLOUD. It was before the emergency.

General MYERS. It was reactivated about that time, about 1948.

REASON FOR LACK OF PLANS AND SPECIFICATIONS FOR REMODELING AT EARLIER DATE

Mr. RILEY. Why was it not feasible to have plans and specifications for the remodeling of this hospital as late as June 1, 1951, which was 12 months after the Korean war started?

General MYERS. This base is in the same category as these others the anticipated build-up and the 1952 program and the crash program, if you want to call it that, to get facilities in place to meet that.

Mr. RILEY. But the thing that worries me is that 12 months after the Korean war started, you have a contract for rehabilitation, a letter-order contract for $655,000, which is a large sum of money. It would seem to me that somebody could have inspected that hospital and made some detailed specifications as to what was needed, so it could have been put out under contract. Would you care to comment on that?

General MYERS. Yes, sir; I agree. Mr. McCloud, can you supply the information on that?

Mr. MCCLOUD. No, sir; I do not know why we were that late in getting it started, unless the build-up at that particular station came later than at the other stations. But the reason for rehabilitating the hospital was the direct result of a build-up of troop strength at the station.

Mr. RILEY. Did you not know that Sheppard was one of the bases that was going to be built up?

General MYERS. Yes, sir. There is a reason for it, sir, but I cannot give it now. I will have to try to get the answer.

DATE OF DIRECTIVE TO CORPS OF ENGINEERS

Mr. RILEY. Mr. Donnelly, do you have any information on when the Corps of Engineers was notified, or was this done under maintenance and operation?

General MYERS. Yes, sir; these were maintenance and operation funds.

Mr. DONNELLY. This was done by the Corps of Engineers.

Mr. RILEY. It was done by the Corps of Engineers?

Mr. KURTZ. Yes, sir.

Mr. RILEY. When were they requested to do the work?

Mr. DONNELLY. The directive to the Corps of Engineers was dated May 21, 1951. The directive allotted $700,000 from the Air Training Command for rehabilitation of the hospital facilities.

FACTS ON AWARDING OF CONTRACT

I have some further facts on the awarding of this contract. As you will see from the summary, it was negotiated with only one contractor, in a letter order issued on May 31. The work was started on June 6, a week later, but the definitive contract was not awarded until July 1, 1951, for want of detailed plans, specifications, and definite information on interior rehabilitation.

This is from an explanation given by the Corps of Engineers.

EXTENSION OF COMPLETION DATE

The contract did not stipulate any number of working hours per week but provided for completion in 20 weeks' time, or an average of 4.65 buildings per week.

Inability of the Air Force to release buildings at a rate which would permit the contractor to maintain scheduled progress resulted in extending the completion date to a period of 58 additional calendar days, with final completion December 29, 1951. Records reveal that an average of only 3.25 buildings per week were released by the Air Force.

EFFECT ON CONTRACT COSTS

With respect to the question whether the contractor was required to give the Government back money because he was mobilized to do the work in an accelerated period and then he was given the 58 days—on that question the Corps of Engineers has advised:

Since the prime contractor and subcontractors had mobilized and organized on the basis of 20-week completion, the 58-day delay beyond their control did not permit a reduction in contract costs but contrarily effected a financial hardship.

And the Government was not given a credit for the extension of time, as I understand it; is that correct?

Mr. KURTZ. That is correct.

NUMBER OF BEDS AT HOSPITAL

Mr. DONNELLY. I have further data which shows that the rehabilitation was intended to increase the hospital beds from 500 to 1,025. Is that right, Mr. McCloud?

Mr. MCCLOUD. I do not know the exact size of the hospital now. I know that in the 1952 program there was a 100-bed addition included.

Mr. DONNELLY. Would you supply for the record the number of beds which would have been added by the rehabilitation?

Mr. MCCLOUD. Yes.

Mr. DONNELLY. To aid the committee I asked the Air Force to supply a bed count month by month of the beds occupied at this hospital commencing with April 30, 1951. May this be inserted in the record, Mr. Chairman?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

Bed count—Sheppard Air Force Base

Date	Beds occupied	Beds authorized
1951—April 30	490	550
May 31	521	650
June 30	481	650
July 31	476	650
Aug. 31	482	650
Sept. 30	512	750
Oct. 31	608	750
Nov. 30	601	750

The figure for Dec. 31, 1951, is not shown because it is not normal due to Christmas leave. The figures go back up in line with those above, beginning with the Jan. 31, 1952, bed count

Mr. RILEY. If 500 beds were added and you only had 500 to start with, that would indicate additional construction, would it not?

General MYERS. No, sir; not necessarily.

Mr. RILEY. You had some on a stand-by basis?

Mr. MCCLOUD. That is correct.

General MYERS. And used for other purposes.

POPULATION OF THE BASE

Mr. RILEY. Do you have any information that would indicate the number of men assigned at Sheppard Air Force Base, say, in April 1951, and December 1951, or at the present time?

Mr. MCCLOUD. Sheppard is not included in this list on which I did get the population, because it has no new barracks completed. Yes, sir; we can get the population—on what dates, sir?

Mr. RILEY. Let us say April and December of 1951 and the present date?

Mr. MCCLOUD. Yes, sir.

(Further information on Sheppard is printed in the last day of the hearings, on p. 382.)

REHABILITATION TO INCREASE BED SPACE

Mr. FURCOLO. Would it make any difference constructionwise whether you were going to have 490 beds occupied or 700? Did it mean putting new beds in there?

General MYERS. It means having spaces for, say, 750 beds; we have to have that space and the beds would actually be there if they authorized a 750-bed hospital.

Mr. FURCOLO. Is the space there now or is there something to be built in addition, or what is the situation?

Mr. MCCLOUD. All of the hospital space at Sheppard was existing when this rehabilitation program started. It was not all being used as hospital. No new beds or bed space have been built.

General MYERS. This was rehabilitation of the existing hospital.

Mr. RILEY. I know that, at some of these bases where the population had decreased due to the cut-back, some of these hospital wings were being used as living quarters by men on the post, and so forth?

General MYERS. Yes, sir.

Mr. RILEY. In order to alleviate the housing situation?

General MYERS. Yes, sir.

Mr. RILEY. And I imagine something similar to that was done at Sheppard.

OBLIGATION OF FUNDS TO PREVENT LAPSING AT END OF FISCAL YEAR

Mr. DAVIS. Are you at all familiar with the statement made in the memorandum which the members of the subcommittee have: that the letter order was used to insure the obligation of funds before the end of June? We had a discussion on that general topic previously, and I wondered if you had any information with respect to its application to this particular project?

General MYERS. I have no reason to doubt the statement. It is probably correct.

And, as I stated before, we have always had a shortage of rehabilitation funds. We have never had what we needed. We have always had a big backlog of projects for the past 4 years; and, frankly, we have made every effort to obligate the funds that we had before they lapsed, in order to get work done, on a priority basis, of the most important projects. Undoubtedly, the statement in here is correct.

Mr. RILEY. Would these funds have lapsed if you had not obligated them?

General MYERS. Yes, sir.

Mr. RILEY. Why was it not feasible to come back to the committee and have them extend, so that you could do a more workmanlike job?

General MYERS. It has never been done to my knowledge. Whether or not the Congress would countenance such an action, I doubt very seriously. I think the answer would be to ask for the money the next year.

Mr. RILEY. I believe they would if a proper presentation were made. I am of the opinion that Congress realizes very acutely that this crash construction was very expensive construction.

General MYERS. We have never entertained that idea; the idea that we have entertained, when we could not get the job done in 1 year was, we would ask for funds for it in the next year.

POSSIBILITY OF CREDIT FOR SAVINGS DUE TO EXTENSION OF COMPLETION DATE

Mr. DAVIS. What would be the normal procedure, assuming that this is what happened in this case, where a contract is negotiated after talking to only one contractor, on the basis of a 48-hour week, and then they actually worked just 40 hours, and a 30-day extension of time was granted?

Mr. KURTZ. As Mr. Donnelly tried to point out before, the obvious thing would be for a credit to be returned to the Government because of the fact that no overtime was worked. But on a job of this kind, which is of short duration to begin with, the contractor must of necessity in order to complete that job, make certain commitments for equipment and labor. He must mobilize to a certain extent and he cannot mobilize those forces over a short space of time.

This work was scheduled to be performed over a 20-week period, which is about 5 months. He had to get his men on that job and get them working and get his equipment in and get his material there. So, on an expedited-time basis, there were certain costs that he incurred in connection with that, which could not be set aside, even though the job then proceeded, at a later time, on a greater-time basis. He had already incurred those costs. The work proceeded on a slower basis because the buildings were not ready for rehabilitation.

Mr. DAVIS. What about your savings due to the failure to work the extra hours per week?

Mr. KURTZ. I do not know that there is any set procedure for the recovery. I think the proper answer is that all of these contracts are subjected to a price readjustment at the end of any one calendar year; and, if there is any excess profit in the contract, the Government recovers on that basis.

Mr. DAVIS. Do you know whether any such proceeding or any such negotiation with the contractor has taken place in this case?

Mr. KURTZ. I do not know specifically, but I shall find out.

Mr. DAVIS. I think we should know that. It looks as though here is a contractor who has gotten a price above normal on the basis of having to hire people for a long workweek, with accompanying premium wages. In practice, it does not work that way. He gets a 38-day extension of time from the Government, which makes it doubly clear that he is not going to have to do that, and he is going to come out with more money than probably he should have unless the Government does step in to recover some of it.

Mr. KORTH. We shall check on that, Mr. Davis.

Mr. DAVIS. The chairman has just called to my attention the fact that working a 40-hour week instead of a 48-hour week means a difference, roughly speaking, in view of the duration of this job, of about 160 hours for every man; that would be at a normal base pay rate rather than an overtime rate.

That is all I have, Mr. Chairman.

Mr. RILEY. Mr. Donnelly.

RIGHT OF ENGINEER OFFICER TO REQUIRE OVERTIME AND EXTRA SHIFTS UNDER CONTRACT

Mr. DONNELLY. Mr. Chairman, the committee will recall, when Admiral Jelley and the Navy people were here, the committee asked the question whether the Bureau of Yards and Docks could force a contractor to put his men on overtime or on extra shifts in order to assure the completion of work within the schedule. Admiral Jelley stated that the Navy contracts do not provide that authority for the Navy contracting officer. And in the record, which is now in page proof, I have inserted the excerpt from the Navy contract which says, quite to the contrary, that if a contractor desires to work overtime he must get the permission of the Navy contracting officer to do so.

On the contrary, the Corps of Engineers contract provides that the Engineer officer has the right to require overtime and extra shifts. I have here pertinent excerpts from the Corps of Engineers standard form of contract supplied by the corps, which I should like to insert in the record, if I may.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

GC5 PROGRESS CHARTS AND REQUIREMENTS FOR OVERTIME WORK

A. The contractor shall within 5 days or within such time as determined by the contracting officer, after date of commencement of work, prepare and submit to the contracting officer for approval a practicable schedule, showing the order in which the contractor proposes to carry on the work, the date on which he will start the several salient features (including procurement of materials plant and equipment), and the contemplated dates for completing the same. The schedule shall be in the form of a progress chart of suitable scale to indicate appropriately the percentage of work scheduled for completion at any time. The contractor shall enter on the chart the actual progress at the end of each week or at such intervals as directed by the contracting officer, and shall immediately deliver to the contracting officer three copies thereof.

B. The contractor shall furnish sufficient forces, construction plant, and equipment and shall work night shift and overtime operations as may be necessary to insure the prosecution of the work in accordance with the approved progress schedule. If, in the opinion of the contracting officer, the contractor falls behind the progress schedule, the contractor shall take such steps as may be necessary to improve his progress, and the contracting officer may require him to increase the number of shifts, and/or overtime operations, days of work, and/or the amount of construction plant, all without additional cost to the Government.

C. Failure of the contractor to comply with the requirements of the contracting officer under the provisions shall be grounds for determination by the contracting officer that the contractor is not prosecuting the work with such diligence as will insure completion within the time specified. Upon such determination, the contracting officer may terminate the contractor's right to proceed with the work or any separable part thereof, in accordance with the delays-damages article of the contract.

Mr. DONNELLY. Mr. Chairman, it is my understanding from the Corps of Engineers, as I indicated, that these provisions are standard in the Corps of Engineers construction contract. Is that correct, Mr. Kurtz?

Mr. KURTZ. That is right.

Mr. DONNELLY. Can you tell us, Mr. Kurtz, whether these provisions apply to all three types of contract; namely, competitive-bid, lump-sum contract, negotiated contract, and cost-plus-fixed-fee contract?

Mr. KURTZ. I would say that they do, except for CPFF contracts, sir.

INCLUSION OF CONTINGENCY ITEM IN BIDS FOR POSSIBLE OVERTIME AND EXTRA SHIFTS

Mr. DONNELLY. Mr. Kurtz, can you tell us from your experience and knowledge whether it is a practice with contractors to include in their bids a contingency item to take care of the possibility that the Government may require overtime and extra shifts on these construction operations?

Mr. KURTZ. I cannot say that it is their practice, or not, Mr. Donnelly. But this ties into the requirement in our contract that the contractor submit a schedule of his operations which will show the pace at which he expects to continue this work to meet a specified completion date.

The purpose of these provisions is to give the contracting officer a vehicle by which he can enforce the maintenance of that schedule.

In other words, if the contractor, because of some dilatory action on his part, does not perform up to that schedule, we have this as a method of forcing him to do so.

I do not know whether contractors interpret this as being a necessity for them to put a contingency in their bid in the event that they do not conform to the schedule.

I would like to say this: That anytime a contractor prepares a bid for a piece of construction which has a specified time limit—in other words, he is required within a certain period of time to complete; and all our contracts carry a completion date—he must of necessity in the preparation of his bid evaluate his capabilities to perform that work, and included in that evaluation there must be a requirement for Saturday, Sunday or holiday, or night work. So, the time which we allow for the completion of the job will govern what is in his bid to cover that.

Mr. DONNELLY. Exactly. And, if the completion date is an unrealistic date for completion, then the contractor's contingency item is likely to be much higher than it would otherwise be to take care of the possibility that he will have to meet this contractual provision.

Mr. KURTZ. That might well happen; yes, sir.

Mr. DONNELLY. As I understand, both from the Air Force and the Corps of Engineers, the practice of buying construction time was quite prevalent with reference to the funds obligated out of the second supplemental 1951 appropriation. Is that correct, Mr. Kurtz?

Mr. KURTZ. That is right, sir.

Mr. DONNELLY. And buying time has direct relations to these provisions of your contract; does it not?

Mr. KURTZ. It would have; yes.
General MYERS. May I say something off the record, sir?
Mr. RILEY. Yes.
(Statement off the record.)

APPLICATION OF LIQUIDATED-DAMAGE CLAUSES

Mr. FURCOLO. With reference to this question of liquidated damages, on which General Myers touched off the record, I have always understood that when such a clause was in a contract, and it had been determined that there had been a breach of that contract, then the amount of the damage was agreed upon and there was no further question about it. I had always assumed that was the purpose of the liquidated-damage clause. Would that be your understanding?

Mr. KURTZ. My understanding of the situation is this, Mr. Furcolo—and I would like to have an opportunity to have a proper explanation of it given by our legal staff; but in summation it is this: The courts have ruled that unless the Government is in a position to prove that there has been a loss to them due to occupancy of the facility against which the liquidated damages are being assessed, that the liquidated damages cannot be assessed against the contractor.

Mr. RILEY. Would that same ruling apply where a premium is offered for completion by a certain date?

Mr. KURTZ. We have never, to my knowledge, included in any of our contracts, as such, a premium payment for completion at an earlier date. In other words, we do not have an incentive-type contract. That is what that is.

Mr. DONNELLY. Mr. Kurtz indicated in his statement on this question that the contracts generally do not provide liquidated damage penalties or clauses.

Mr. KURTZ. That is right.

Mr. DONNELLY. And General Myers off the record indicated, as I remember, that some of these contracts do have liquidated-damage provisions.

General MYERS. Many of these do, yes—these particular ones.

Mr. KURTZ. Some others do, that is right.

PAYMENT OF PREMIUMS TO CONTRACTORS

Mr. DONNELLY. Mr. Kurtz, the chairman asked the question as to whether the Government pays a premium to contractors for completing their work ahead of time and you indicated that that was not the case?

Mr. KURTZ. That is right.

Mr. DONNELLY. Let me ask you this question. Does the Government pay a contractor a greater compensation on, say, a negotiated contract for completing his work within an accelerated or expedited period, an amount greater than would be paid if the completion date were a realistic completion date?

Mr. KURTZ. Mr. Donnelly, there have been instances especially prevalent during this period of the second supplemental 1951 funds, where we have taken bids on the basis of several completion dates, perhaps a month apart. And we have in some cases awarded the contracts on the basis of earlier completion dates at a higher cost

than they would have been had later completion dates been used. But it all ties back to the question of need, of getting the work completed and it is a question, as you have pointed out, Mr. Donnelly, that we are actually buying time.

ADDITIONAL COST FOR ACCELERATED WORK AT CHANUTE AIR FORCE BASE, ILL.

Mr. DONNELLY. I believe this will illustrate the chairman's point quite appropriately on this very question. This is in the matter of the contract at the Chanute Air Force Base. The bids received by the Corps of Engineers show that the low bidder bid $4,886,000. The next low bid was $5,017,000. So that on the face of it, the low bidder was bidding $4,886,000. The Corps of Engineers and the Air Force desired earlier beneficial occupancy and asked each of the two contractors how much they would add to their bid in order to complete the work sooner.

Mr. KURTZ. That is correct.

Mr. DONNELLY. Than originally contemplated in the bids. The low contractor added 10 percent, or $482,000 to his bid as compensation for doing the work faster. The second low bidder added only $140,000 to his bid.

Mr. RILEY. What percentage would that be?

Mr. KURTZ. Less than 3 percent.

Mr. DONNELLY. The second low bidder got the contract for $5,135,874.

I have a little schedule which we prepared for the members here to show the accelerated time actually cost the Government $250,000 and as it has turned out so far, time extensions have been allowed or will be allowed totaling 25 to 30 days, and that amount represents approximately $80,000 of the time that was bought.

I should like, Mr. Chairman, if I may, to hand this summary to the members and ask that it be inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

CHANUTE AIR FORCE BASE, ILL.

Another example is the barrack and mess-hall project at Chanute Air Force Base, Ill., in the approximate amount of $5,000,000. Offers were solicited giving contractors 9 days to prepare and submit them. Proposal opening was deferred 6 days because of five addenda issued during the bidding period. One contractor wrote and advised they did not submit a bid because: " * * * it became impossible for us to complete our estimate in the time allowed * * * When we received the notice that the date was extended to May 25, it was again too late for us to complete the estimate on time * * *"

The contractor to whom the contract DA-11-032-Eng-669 was awarded included in his proposal an item of $140,000 for early beneficial occupancy. Another contractor actually made a lower proposal for the construction work, but included an item of 10 percent, or $482,000, for accelerated work. The Government could have saved $250,000 by awarding to the second contractor, if the Government had not "bought time" for accelerated construction.

Additional cost of accelerated construction cost, bought by the Government

	Scheduled beneficial occupancy date	Accelerated beneficial occupancy date	Actual beneficial occupancy date	Time extension granted	Time extension pending
				Days	*Days*
Block 1, 9 airmen's dormitories, 1 mess hall	Jan. 15, 1952	Nov. 15, 1951	Dec. 15, 1951	[1] 15	[2] 10-15
Block 2, 9 airmen's dormitories, 1 mess hall	Mar. 15, 1952	Dec. 15, 1951	Feb. 1, 1952	[1] 15	[2] 10-15
Block 3, 9 airmen's dormitories, 1 mess hall	May 15, 1952	May 15, 1952	July 15, 1952[3]	----------	[2] [4] 10-15
Block 4, 6 airmen's dormitories, 1 mess hall	July 15, 1952	June 15, 1952	Aug. 15, 1952[3]	----------	[2] [4] 10-15

[1] Time extension for change in design from personal storage to dormitory space.
[2] Time extension due to strike.
[3] Estimated.
[4] Time extension due to change in type of fuel.

The Government paid a premium of $140,000 to the second lowest bidder for accelerating the construction schedule. However, the actual cost to the Government for the acceleration was $250,000. This figure is the difference between the low bid and the second low bid to which was added the $140,000, being the bid which was accepted.

The Government set up a liquidated-damage schedule of $1,350 a day for blocks 1, 2, and 3, and $900 a day for block 4.

In all likelihood the Government will grant the second time extension indicated above, requested on account of labor conditions, totaling time extensions of 25–30 days. This period represents approximately $80,000 of the 3-month accelerated period which the Government bought.

TIMING OF AIR FORCE BUILD-UP AND ACCELERATED CONSTRUCTION PROGRAM

Mr. DONNELLY. Mr. Furcolo just asked me a question as to when the bidding and negotiation took place and, for the record, I would like to state that it was May 1951.

Mr. FURCOLO. The reason I asked the question is this. I can see where, even after June 1950, the military may have believed that they were in a rather small operation. And I can see where they might be justified in that belief up to December of 1950. But after December of 1950, to the present moment, I do not see that there have been any great changes that would affect the plans and operations of the military. By December of 1950 the military must have had an excellent idea of the position they were in.

Mr. MCCLOUD. There is just one thing; there was one big change, the cut-back in troop strength, which came in November of 1951. That was the big change that caused all of these extra vacant barracks at Amarillo.

Mr. FURCOLO. I was not referring to that. In your opening statement, at the beginning of your testimony some days ago, you talked about the fact that there were changes made necessary in planning and operations because of changes in world conditions.

General MYERS. That is right; yes, sir.

Mr. FURCOLO. I have assumed that as far as the military are concerned, there has been no change in world conditions since December of 1950. There may have been some changes internally, such as the cutting of troop strength, that might justify certain activities. But certainly I would not suppose that you would attribute any of those changes to changes in world conditions.

General MYERS. May I answer that this way? I believe that what I tried to say previously was that, of course, the outbreak of the Korean war and then in December of 1950 the entrance of the Communists into the war, greatly accelerated our thinking on the build-up of the Armed Forces.

This second supplemental 1951 program which was approved January 6, 1951, was the 68–84 wing program, which was the build-up toward 95 wings.

Then the 1952 construction program which was approved November 1, 1951, started the accelerated build-up for 95 wings.

It was not until that time, November and December of 1951, that the stretch-out was conceived and that the study that I referred to, Dr. Learned's study on the 126-wing Air Force provided for a greater stretch-out and a reduction of forces.

So that up until November and December of 1951 we were started on an accelerated program.

I do not believe that I have any comments on this committee staff paper. It undoubtedly is factual.

Mr. KURTZ. It is. I furnished that information to Mr. Donnelly.

Mr. RILEY. Off the record.

(Discussion off the record.)

CREDIT FOR EXTENSION OF CONSTRUCTION TIME AT AMARILLO

Mr. DONNELLY. Further in response to the chairman's question on this matter of premium, or added compensation to a contractor under certain circumstances, may I refer the committee to the situation we found at Amarillo where a change order continued the beneficial occupancy date from June 15 to August 1, 1951, and in exchange for this extension of dates the contractor offered to reduce his price only $50,000. A representative of the corps stated in the memorandum dated April 4, 1951, as follows:

> In view of the fact that 34 of the dormitories are still scheduled for completion on June 15, it is recommended that his—

the contractor's offer—

> be accepted. However, attention is invited to the fact that if we—

meaning the Corps of Engineers—

> were buying time from the contractor in lieu of selling it for him, his asking price would be much higher.

That is the situation as it developed at Amarillo.

COST OF ACCELERATING CONSTRUCTION OF AIRCRAFT CONTROL AND WARNING STATIONS

I have a further instance of buying time. I have here a memorandum prepared at the committee's request by the Air Force showing the cost of accelerating the construction of 12 aircraft control and warning stations started from dates in May 1950, until dates in the fall of 1950, and I would like to have this inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The tabulation referred to is as follows:)

Accelerated costs on 12 aircraft control and warning stations

	Date started	Beneficial occupancy	Completed	Oct. 1, 1951 dollars allotted (including acceleration)	Accelerated cost as of Mar. 1, 1951
P-16 (IR)	July 1, 1950	Dec. 20, 1950	Sept. 1, 1951	$1,393,946	$46,000
P-19 (IR)	Sept. 12, 1950	Apr. 16, 1951	Aug. 15, 1951	1,150,262	69,000
P-23 (IV)	Sept. 26, 1950	May 15, 1951	do	1,949,958	104,000
P-31 (III)	Apr. 19, 1950	Nov. 16, 1950	Aug. 1, 1951	1,267,007	58,300
P-34 (III)	May 1, 1950	Nov. 18, 1950	do	1,219,631	51,600
P-35 (III)	May 18, 1950	Nov. 19, 1950	Aug. 15, 1951	1,212,274	46,400
P-61 (II)	Sept. 12, 1950	May 1, 1951	July 15, 1951	1,133,732	63,000
P-66 (II)	June 22, 1950	Nov. 17, 1950	Aug. 1, 1951	1,058,054	38,800
P-67 (II)	Sept. 18, 1950	Apr. 4, 1951	July 15, 1951	522,783	3,000
P-70 (II)	Sept. 11, 1950	May 1, 1951	Aug. 31, 1951	1,360,827	60,000
P-83 (IV)	Oct. 17, 1950	May 23, 1951	Aug. 4, 1951	1,393,842	91,600
P-85 (IR)	Sept. 11, 1950	May 1, 1951	May 1, 1951	1,159,781	27,000
Total				14,822,097	658,700

General MYERS. I can make a statement on this. These are a part of the so-called first 24 station jobs, first priority stations of the aircraft-control warning system. When the aircraft-control warning system for the protection of the United States was conceived as part of the air defense of the United States, it was a matter of great concern nationally, as you will remember, and our effort here was to get the system in operation at the earliest possible moment. We established so-called lash-up stations, and proceeded with the permanent construction as rapidly as we could, or the permanent system as rapidly as we could. We had great pressures from every one to complete the stations as early as possible and the House Armed Services Committee took a very active interest and set up a subcommittee. The chairman of the subcommittee took a very active interest. Several presentations were made to the subcommittee and to the chairman of the committee as to when we were going to be able to get this system in operation. That committee insisted that we expedite the construction to the maximum possible extent.

(Discussion off the record.)

Mr. RILEY. Is this what is known as the radar screen?

General MYERS. Yes.

Mr. RILEY. General Myers, in setting up these warning stations, is it not true the completion of these stations was dependent to a large extent on getting certain technical equipment?

General MYERS. Yes, very definitely.

Mr. RILEY. And the completion of the station then was limited by your ability to get this equipment, and in all probability you could have done the necessary construction work on a nonaccelerated basis and still have completed them in time for the installation of the equipment, or by the time that you received the equipment; is that correct?

General MYERS. May I answer that, sir, by saying that the beneficial occupancy date of the station was tied right in with the availability of equipment, and our ability to man them, because the people were being trained at the same time—the radarscope operations, and so forth. All our presentations we made covered those three phases—the construction, the equipping and the manning of the stations, and it was all tied together. It is true that some of the stations could not be equipped at the time we were making the presentation, not with

the latest type equipment, but they were to be equipped with equipment on hand and the new equipment would later be substituted.

Mr. RILEY. Did you have sufficient equipment to complete the installations?

General MYERS. Yes, either new equipment coming out of production or the equipment on hand of an older type.

Mr. RILEY. Is it the mission of the Air Force to operate the warning defense system for the whole United States, or does the Army, as well as the Navy, participate in that program?

General MYERS. The Army and the Navy participate, sir. The Air Force is charged with the responsibility for the air defense of the United States, and for the coordination of the activities of the Army and the Navy. The picket ships of the Navy would contribute to it and the antiaircraft battalions of the Army would contribute to it.

Mr. RILEY. But the warning system is under the control of the Air Force, or is it a divided authority?

General MYERS. There is no divided authority. The Air Force is responsible for the defense against an air attack.

RAPID CITY AIR FORCE BASE, S. DAK.

Mr. DONNELLY. Mr. Chairman, the next construction operation that illustrates the point that you have inquired about is the construction at Rapid City Air Force Base.

I have here a summary the staff has prepared showing the facts as we understand them, and I would like to have this inserted in the record at this point.

Mr. RILEY. Without objection it may be inserted at this point.

(The memorandum referred to is as follows:)

RAPID CITY AIR FORCE BASE, S. DAK.

A contract for the construction of the readiness hangar and facilities at the Rapid City Air Force Base, S. Dak., was awarded on June 16, 1951, in the amount of $582,959. The completion time was specified as 180 days. The contractor was working 58 hours per week to meet the construction time specified and was approximately 29 percent complete when the Government issued a stop order due to the fact that the Air Force had requested a redesign of some of the work. At the time of the staff's visit to this project, the stop order was still in effect and no advice was received as to when firm criteria would be received which would permit the resumption of the work. Thus we have a project being prosecuted on an overtime basis to meet a construction time limit imposed by the Government and stopped due to the failure of the Air Force to set forth their requirements clearly and completely in the first instance with the result that time bought on an overtime basis has been lost.

The maintenance docks and related paving and utilities at the Rapid City Air Base provide an example of an expedited construction program with subsequent delays and loss of time. On June 4, 1951, the corps received the approved site plans for this project. On June 21, 1951, a representative of the Air Force urged the corps to expedite the project at which time he was informed that the project was being advertised on that date with a scheduled bid opening on July 6, 1951, and specifying a completion period which required two docks to be completed in 60 days, three docks in 90 days, and the remaining three in 120 days. The Air Force's representstive indicated the facilities were needed in the fall of 1951 and stated: "If I were you people I would be ashamed to admit you couldn't get a foundation in any quicker than that." The corps' representative mentioned that there was a lot of background to this project and pointed out that the approved site plans were not available until June 4, 1951. The Air Force's representative indicated he was not surprised at that and stated: "They monkeyed around."

On July 9, 1951, a contract was awarded for the construction of foundations for the eight maintenance docks with completion dates ranging from August 23, 1951

(45 days) to November 6, 1951 (120 days). At the time of the staff's visit this contract was being prosecuted 10 hours a day, 7 days a week.

The corps did not consider that the directive received in connection with the maintenance docks covered the related paving and utilities. Correspondence reflects that the Air Force informed the corps that the original instructions did cover these related facilities and stated that it was, of course, obvious that the subject docks would not be usable until the paving thereto was provided.

Thereafter, the corps took steps to place the related facilities under contract. Proposals for the additional work were received on August 10, 1951; however, at approximately the time the proposals were received, the corps was notified that major changes were under consideration. Revised plans and specifications were then issued to the contractor submitting the low proposal in the first instance and on September 5, 1951, the Government negotiated a contract based upon the revised plans.

It is significant to note that the successful contractor informed the corps that he considered it practically impossible, in the face of existing material market and the lateness of the year, to complete the work this season; however, his proposal was based upon expediting the work to the fullest extent. The staff was informed that this work would be prosecuted 12 hours a day, 7 days a week.

REVISION OF PLANS AND LETTING OF NEW CONTRACT AFTER START OF CONSTRUCTION

Mr. RILEY. I note from this report by the investigating staff on the Rapid City Air Force Base that readiness hangars and facilities were prescribed for this installation and that a contract was awarded on June 16, 1951, in the amount of $582,959. The completion time specified was 180 days. After this work was started a stop order was issued, and the information is that the redesign of this facility was being worked out.

General Myers, could you give us any information as to why that project was not properly specified in the beginning, and after it was almost one-third completed it was necessary to revise the plans and let a new contract?

General MYERS. Yes. Rapid City is one of the bases where we had the Fighter Interceptor Squadron, the one that works with the aircraft control and warning system. The facilities for these fighter squadrons include primarily the alert hangar that is right out at the edge of the runway where the airplanes are on the alert 24 hours a day, and the readiness hangar behind them, in which additional aircraft are kept in readiness to get off in a slightly greater period of time than the ones that are constantly on the alert with the pilots in them. These facilities were designed very hurriedly in order to get the work under way. Our prime source of information on the facilities required is from the using command—in this case, the Air Defense Command—and about the time we got the readiness hangar under way the Air Defense Command came in and pointed out wherein the design was deficient.

Mr. RILEY. In what respect?

General MYERS. Particularly in regard to the provision of lean-to's, or small shop space on each side of the hangar. What they had before was just a frame partition between the hangar and shop space. The provision for a fire-resistant wall between the lean-to and hangar was recommended. There were other changes involving fireproofing of interior woodwork, fuel oil storage, and revision of floor drains. We considered that the changes were so well founded that we should stop the work and make the changes which we did just as quickly as we could.

Mr. RILEY. It was not feasible to continue the work and add the shop partitions.

General MYERS. That was considered, and we felt that it would be more expensive, and of course not give you the facilities that you required any quicker. We thought that we could get it done more quickly and more cheaply by incorporating it in the original design.

Mr. RILEY. Were the readiness hangars sufficiently large to take care of your requirements other than the shop?

General MYERS. The hangar itself; yes.

Mr. MCCLOUD. The principal change in the design was redesigning the exterior walls of the hangar which must be fire resistant.

Mr. RILEY. Was it necessary to wreck the work that had been completed up to that time and start over with new construction?

Mr. MCCLOUD. No. It was just changing the design. The project is now completed. I notice here that it says when the investigating staff visited the base the work was at a standstill. It has since been resumed and is now complete.

General MYERS. We expedited the change in the design as much as we possibly could to reduce the delay.

COMPENSATION TO CONTRACTOR FOR STOP ORDER AND CHANGE IN PLANS

Mr. RILEY. With regard to this readiness hangar, what damages or extra expenses did you have to give the contractor because of this stop order and delay?

Mr. MCCLOUD. This record does not indicate that. The cost of $582,959 as a working estimate of $659,300, and the present estimated total cost of the job is $638,500.

Mr. KURTZ. The difference between the $638,000 and the $582,959 does not necessarily represent the increase in cost to the contractor.

Mr. MCCLOUD. That is the working estimate based upon the low bid.

Mr. RILEY. Some of that completed cost was the lean-to partitions that were added to the hangars, but some of it represents a loss of time to the contractor?

Mr. KURTZ. All I have here is there was an extension of 78 days given to the contractor to compensate him for this change, but he was not paid any money.

Mr. RILEY. He had certain overhead expenses during that period did he not?

Mr. KURTZ. He would have had; yes.

Mr. RILEY. How was he compensated for that?

General MYERS. Apparently he was not compensated for that.

Mr. KURTZ. I do not know that. I would like to find out whether he was compensated for that or not and furnish it for the record.

(The information is as follows:)

RAPID CITY AIR FORCE BASE, OMAHA DISTRICT

1. A contract for the construction of a readiness hangar at Rapid City Air Force Base was awarded to H. and B. Construction Co. (a joint venture of Henry H. Hackett & Sons, Inc., and the Brezina Construction Co., Inc.) on June 16, 1951, in the amount of $582,959.

2. The original project included lean-to's to the hangar; consequently there was no additional cost to the original contract price nor was there any delay in time of completion due to the inclusion of lean-to's.

3. Construction work was started on June 21, 1951, and was stopped from August 16 to September 24, 1951, a total of 40 days, at the request of Air Defense Command in order to incorporate changes in the hangar considered necessary. These changes necessitated the preparation of revised contract drawings and the negotiation of change orders and a supplemental agreement to the original contract.

4. The amount of the original contract plus the change orders, and supplemental agreement are as follows:

Basic contract No. 1094, dated June 16, 1951, amount	$582,959.00
Change Order No. 1, dated Nov. 28, 1951	454.07
Supplemental agreement No. 2, dated Dec. 12, 1951	17,844.86
Change Order No. 3, dated Dec. 5, 1951	1,636.67
Change Order No. 4, dated Dec. 20, 1951	449.66
Total	603,344.26

5. Change Order No. 1 provided for making mechanical changes; i. e., revise location of floor drains in shower rooms and adding fuel-storage facilities. No additional time was allowed.

6. Supplemental Agreement No. 2 provided for revisions to electrical duct system, installation of partitions, relocation of steam lines, installation of fuel-oil storage system, and fireproofing all interior woodwork. An extention of time of 38 days was allowed for this additional work. This extension plus the 40 days for the time lost when work was stopped at the request of A. D. C. makes 78 days.

7. Change Order No. 3 provided for furring of the ceilings in several rooms to cover waste piping, and to install galvanized flashing over all windows. No additional time was allowed.

8. Change Order No. 4 covered alterations to bottle coolers and miscellaneous small changes. No additional time was allowed.

9. As of March 31, 1952, the project was 98 percent complete; scheduled completion date, May 15, 1952.

10. The total estimated cost to complete this facility is $659,300.

General MYERS. I would like to point out for the record if it is not clear this present estimated cost of $638,000, being the estimated total cost of the hangar, includes in addition to the increased cost due to the change in design the Government cost which runs perhaps 9 percent, or some such figure, and apparently the original contract amount of $582,959 was the contract amount and did not include Government costs.

Mr. FURCOLO. Does it not also include the fact that the Government is getting a little bit more than it was under the other contracts?

General MYERS. Oh, yes, but all of that increased cost from $582,000 to $638,000 is not due to the change in design and the additional benefits we have received. We have Government costs in that figure.

Mr. FURCOLO. The point I was trying to make, if at the time the $582,000 figure was presented it had been known there was also going to be these fireproof lean-to partitions that you have described, then that $582,000 figure would have been more.

General MYERS. Yes.

Mr. FURCOLO. In other words, you cannot say that there was a complete loss of say, roughly, $40,000, because the Government got the fireproof partitions in addition.

General MYERS. Yes; we got the fireproofing in addition. What we lost there was time in having them ready.

Mr. DONNELLY. Can you tell the committee from your own experience and knowledge, Mr. Kurtz, whether it is not costly to the Government to have a contractor shut down operations on a contract he is performing?

Mr. KURTZ. That is basic in all construction work. Any shutdown of construction work costs money.

Mr. DONNELLY. Under the standard form of construction contract the contractor has a right to make claim for the cost he has suffered, or claims to have suffered, by reason of the work stoppage.

Mr. KURTZ. That is correct.

INDECISION AND LACK OF COORDINATION IN CONSTRUCTION OF MAINTENANCE DOCKS AND RELATED PAVING, ETC.

Mr. DONNELLY. We have been examining the first paragraph of this summary which relates to the construction covering the hangar and the readiness facilities. The remainder of this memorandum relates to the construction of the maintenance docks and related paving and utilities, and indicates considerable indecision on the part of the Air Force and lack of coordination between the Air Force and the Corps of Engineers.

General Myers, do you have any comment first on the accuracy of facts stated in this memorandum?

General MYERS. No, sir, I do not have any direct information on the accuracy of these statements in here, but I think it is undoubtedly true that the Air Force was slow in siting these docks and in making up its mind where the docks should be. I am extremely embarrassed by the statements that are in here that are attributed to Air Force people in the field. Such statements should never be made. It is certainly not indicative of the type of cooperation that we have between the Air Force and the Engineers. I do not know who these people were. I know, though, you can expect, assuming these were people of the using command in the field who are constantly pushing to get facilities and getting the best facilities they can, that they would be critical of anybody, including my office, that delayed in any way at all the providing of facilities exactly as they needed them. They are critical. On the other hand, it is the responsibility of our people in the field, and of our major commands, to site these facilities. If you would like to hear some more on that, I will try to get it.

Mr. DONNELLY. I have more information than is reflected in that memorandum.

First, when you speak of the statements made by Air Force people to representatives of the corps, I take it that you are referring to the quotations in the second paragraph of the memorandum.

General MYERS. That is right.

Mr. DONNELLY. Those statements occurred in a telephone conversation between two colonels with a third colonel on the wire listening in, and I have a transcript of that telephone conversation, and the quotations in the memorandum are direct quotations from the transcript.

General MYERS. I would like to have a copy of that transcript.

Mr. DONNELLY. Here is a copy [handing].

General Myers, separate and apart from the tenor of this conversation between these officers, we have the very serious problem here of the failure of either the Air Force or the Corps of Engineers, or both, to require the construction of related paving and utilities without which the maintenance docks, whose construction was expedited, could not have been used, so obviously there was a major blunder on somebody's part. Do you have any comment on that, sir?

General MYERS. I will have to go back into the past history of this. As you say, the scheduling of the pavement and the docks was certainly not correlated, and we had to correlate them. There were many cases where we had already programed a facility such as a dock and had not programed the pavement to go with it. We had to reprogram. That undoubtedly is what happened in this case.

Mr. MCCLOUD. That is exactly what happened. These docks, as you remember, were purchased from procurement funds. They were procured, and we were given to understand they were portable docks which could be placed anywhere on the apron, and it turned out that this was not the case. They required utilities, a much larger area of paving than was at first conceived, and as General Myers stated, that was just not programed along with the docks.

General MYERS. These docks were purchased. It is just a lack of coordination in the Air Force. The docks were purchased out of procurement funds and we had nothing in our public works program to provide the foundations for them. We had to reprogram to do it.

Mr. RILEY. In order for the committee to have a clear idea of just what is meant by a dock and the construction incident thereto, as I understand it, these docks are fabricated steel or metal or something of that kind; is that right?

General MYERS. Yes.

Mr. RILEY. And they sit on a foundation, and you have to build a concrete runway for the plane to go into the docks while they are being worked on?

General MYERS. Yes. These docks are placed upon the edge of the apron. If this were an apron here [indicating], the dock would be placed along the edge here [indicating], but you have to provide the foundations, and, of course, you have to provide the apron for them. Now, these docks that we are referring to here were docks that were placed on an existing apron.

Mr. RILEY. Those docks are so constructed that the workers have a platform inside of them upon which to stand so that they can get to the engine. They have facility of movement and so on so that they can properly work on those airplanes?

General MYERS. Yes, that is correct. If this [indicating] were a parking apron, the docks are placed along the edge of the apron like this [indicating]. The airplane goes into it and the forward part of the airplane is housed. The spans are, of course, used and are moved around in there to get to the various heights of the airplane.

The thing that we are talking about here is that these docks were prefabricated docks purchased out of procurement funds and delivered to the site. We did not know they were going to be purchased. I did not know it until they had them purchased. Therefore, we had not programed any construction to provide foundations for them. It was originally intended that the docks would be purchased and installed, but they could not do that from procurement money. The installation of utilities to them—water, light and the foundations—had to be done from public works money. We had not programed in our public works program any funds for that. We therefore had to reprogram to do it—to put in the foundations required. They are quite heavy structures and they require a concrete foundation. We have to cut out portions of the existing pavement to put in foundations to place these docks on.

Mr. RILEY. There was also delay in determining where they should be properly located.

General MYERS. Yes, there was, in siting them in relation to all other facilities and future program facilities.

Mr. FURCOLO. Have they all been built now?

Mr. MCCLOUD. They have not been completed yet. The foundations are 98 percent completed as of February 29.

Mr. FURCOLO. What about the readiness angle?

Mr. MCCLOUD. That is complete. The actual completion date is estimated at May 15, but it is 98 percent complete as of the first of March.

Mr. FURCOLO. When was it in condition to be used?

Mr. MCCLOUD. I say that it can be used now. Everything has probably been done but the clean-up.

General MYERS. It should be in use now.

Mr. FURCOLO. What was the big rush about the whole thing?

General MYERS. To get our fighter squadrons deployed. We had a program of deploying squadrons. I think that Mr. Finletter has emphasized that in some of his presentations. We had that program in order to give proper coverage throughout the United States instead of having them deployed by wings. In some cases we had two wings on a base where they could not accomplish their mission. This program was to provide deployment by squadrons.

Mr. FURCOLO. Were the airplanes available to make use of the facility?

General MYERS. Yes. It was a redeployment of existing units from wing bases to single squadron bases.

MISUNDERSTANDING BETWEEN AIR FORCE AND CORPS OF ENGINEERS ON TAXIWAY EXTENSION TO DOCK FOUNDATION

Mr. DONNELLY. With respect to this question of misunderstanding between the Air Force and the Corps of Engineers, I have here a memorandum from the Air Force installation representative in the Missouri River division to the military branch of the Missouri River division which I would like to insert in the record at this point.

Mr. RILEY. Without objection it will be inserted.

(The memorandum referred to is as follows:)

JULY 2, 1951.

To: Military Branch, MRD.
From: USAF installations representative, MRD.
Subject: Payment extensions, dock foundation construction, Rapid City Air Force Base.

1. Reference is made to directive authorization for construction of foundations for eight maintenance docks at Rapid City Air Force Base.

2. This office has been informally advised by the Omaha district that the above-referenced construction authorization has not been interpreted to include taxiway extensions to the dock foundations. This is not in conformance with the understanding of Headquarters, Strategic Air Command and this office. It is, of course, obvious that the subject docks will not be usable until taxiway extensions thereto are provided.

3. In accordance with authority contained in AFR 93-17, it is requested that the Omaha district be instructed to provide taxiway extensions to the subject docks as a part of the dock foundation construction. The approved site plan for location of the subject docks indicates location for the taxiway extensions referred to.

For the senior Air Force representative:

ROBERT J. ALEXANDER,
Construction Management Engineer Assistant.

General MYERS. That was to clear up a misunderstanding apparently.

Mr. DONNELLY. Now, General, can you tell us why the Air Force understood that the original directive had included the paving and the related utilities and why the Corps of Engineers did not so interpret it? Was the original Air Force directive ambiguous?

General MYERS. I cannot answer that. I do not know.

Mr. DONNELLY. Has the Corps of Engineers any comment to make on this point?

Mr. KURTZ. No comment, Mr. Donnelly, in direct answer to your question, except that the taxiways to these docks were not funded. We had no money to put them in, and I think that is the point which our district out there attempted to bring to the attention of the Air Force installation representative.

Mr. DONNELLY. I believe that the committee should have a direct answer on this point. I rather thought the services would have it at this time because we did go over this in our conferences.

Mr. MCCLOUD. I do not remember that the question of the original directive was brought up. I thought General Myers had explained that in telling you that we had not programed for this additional pavement and the attendant utilities, and it just required reprograming in order to do it.

Mr. DONNELLY. But that is not what this Air Force representative is saying in this memorandum.

General MYERS. No. The Air Force representative is saying that the directive that was issued to the Corps of Engineers provided for the taxiways, and that the Corps of Engineers did not so interpret it, and he is trying to tell the Corps of Engineers that he wants to get straightened out.

CONCURRENT PROPOSAL FOR OMITTED MAINTENANCE DOCK UTILITIES AND CONSIDERATION OF MAJOR CHANGES

Mr. DONNELLY. We see that this memorandum is dated the 2d of July. The next memorandum we have here is an internal memorandum within the Corps of Engineers having to do with this very question, that is, the paving and related utilities, and it states, if I may paraphrase, that the proposals for the paving and related utilities were received on August 10, a little more than a month later, but at approximately the same time the proposals were received this office—the Corps of Engineers—was notified that major changes were under consideration. So we have the maintenance docks contract awarded, work being done, and then we have the two services finding they had omitted the utilities, and the Corps of Engineers receiving proposals for the utilities and then being notified at the very time the proposals were coming in that major changes were under consideration.

I wonder, Mr. Chairman, if we might insert this memorandum in the record at this point.

Mr. RILEY. Without objection it will be inserted.

(The memorandum referred to is as follows:)

SEPTEMBER 6, 1951.

To: Legal Branch
From: Construction Division
Subject: Recommendation of Contract Award—ENG–25–066–52–15(SP)—Construction of Maintenance Dock Paving and Utilities, Rapid City, AFB

1. Proposals for the subject construction were opened at 2:30 p. m., August 10, 1951. Six were received, four of which were on the rigid type of paving and grading and four on the flexible type, two of the contractors bidding both flexible and rigid. Flexible pavement is to be constructed. On this basis the low proposal was submitted by Peter Kiewit Sons' Co., Sheridan, Wyo., in the amount of $410,677.26.

2. At approximately the time proposals were received, this office was notified that major changes were under consideration. Revised plans, specifications and unit price schedules were then issued to Peter Kiewit Sons' Co. and they were requested to submit a revised proposal. On September 5, Mr. Homer Scott and Mr. Mantlemon, representing the contractor, and Messrs. R. R. Hawthorne, Jerry Schula and L. L. Galloway representing the Government, negotiated a contract based on revised drawings No. 86–04–10, sheets 1, 2, and 3, of 5, and No. 71–08–06, sheets 2, 3, and 4 of 5, and proposed alterations to the specifications dated August 17, 1951. During the negotiations, the proposed alterations were modified as follows:

(*a*) On page 5 under section 12 (3) the last sentence reading, "Water main shall be laid to grades established on drawings," was changed to read, "Water main shall be laid to maintain a 7-foot minimum cover."

(*b*) On page 10A–2 of the technical provisions for subdrains, paragraph 10A–08, line 5, the sentence beginning, "Forbell and spigot pipe, etc.," was deleted.

3. The new proposal submitted by the contractor and accepted by this office was in the amount of $443,563.49. In submitting this proposal, the contractor stated that he considered it practically impossible in the face of existing material market and the lateness of the year, to complete this work this season. He stated that his proposal was based on expediting the work to the fullest extent but that when the weather conditions became such that construction could not be accomplished in a manner considered satisfactory, he would be allowed to close down his operations until such time as weather conditions moderated. The contractor will submit a letter outlining this stipulation on his part.

4. Engineering division is being requested to issue revised drawings, unit price schedules and specifications based on all changes agreed to during the negotiations.

5. Real estate and funds for this construction are available.

6. It is estimated that 25 percent of this work will be accomplished by subcontracting, and the percentage of profit is estimated at 10 percent. Seven-hundred and forty notices of invitation were issued and there were five responses from small business.

RALPH R. HAWTHORNE,
Chief, Construction Division.

Mr. DONNELLY. Do the services have any comment or explanation to make on this subject?

General MYERS. I can make this comment on it, and I do not have all the details on this specific case, but this business of providing the foundations, the additional pavements and the utilities in the form of water and power to these docks was not originally programed by us. It had to be reprogramed, and there were many instructions, clarifying instructions, issued. It was not a clean program. We did not do the job in a clean, orderly, businesslike manner. I can say that. Undoubtedly what you have there is correct.

LACK OF EFFICIENCY AND COORDINATION IN CONSTRUCTION OF MESS HALLS

Mr. DONNELLY. General, we have now looked at two separate contracts. Here is the third one, and from these three documents I think it will be fair to conclude there was considerable loss of efficiency on the part of the Corps of Engineers in the matter of the construc-

tion of the mess halls, lack of efficiency and lack of coordination between the resident engineer on the job at Rapid City and the district engineer at Omaha.

To develop this subject matter, I would like to offer for the record a memorandum dated May 15, 1951, relating to mess hall construction.

(The memorandum referred to is as follows:)

CORPS OF ENGINEERS, UNITED STATES ARMY,
RAPID CITY AIR FORCE BASE,
Weaver, S. Dak., May 15, 1951.

Subject: Grease Interceptors, Mess Halls, Rapid City Air Force Base, Contract DA-1045.

To: District Engineer, Omaha District, Corps of Engineers, 1709 Jackson Street, Omaha 2, Nebr.

1. On sheet 13 of 15 mess hall plans showing first floor, two grease interceptors are shown on the mess hall floor plan.

2. In the specifications for quarters, mess halls and facilities no specifications or mention is made for the installation of the same.

3. Due to the large amount of grease which would enter the sewage plant and cause additional trouble for sewage plant operators, it is important that grease interceptors of approved design be installed.

4. It is recommended that grease interceptors similar to series J. Josam Cascade or Eclipse be incorporated as an addendum to the present specifications.

W. E. LECKIE,
Lieutenant Colonel, CE, Resident Engineer.

[First endorsement]

DISTRICT ENGINEER, CORPS OF ENGINEERS, OMAHA DISTRICT,
Omaha, Nebraska, May 18, 1951.

To: Resident Engineer, Corps of Engineers, RCAFB, Weaver, S. Dak.

1. The information in regard to the grease interceptors will be furnished by a modification which is presently being prepared by this office.

2. The question in regard to grease interceptors was raised by Mr. Olsen, of Melgren Plumbing & Heating Co., during a visit to this office. He was informed that the grease interceptors are a part of the contract.

By order of the district engineer:

T. W. TRITT,
Chief, Supervision and Inspection Branch,
Construction Division.

Mr. DONNELLY. Mr. Kurtz, would you give the committee an idea of what a grease interceptor is?

Mr. KURTZ. Yes. In order to take care of the large amount of grease which runs off in dishwashing and food preparation so that the grease does not accumulate in the trap, there is an interceptor which is a piece of equipment inserted just below the drain for the purpose of accumulating that material, and then that can be cleaned out periodically.

DELAY CAUSED BY MODIFICATION GREASE INTERCEPTOR SPECIFICATION

Mr. DONNELLY. Is this feature, the grease interceptor, a large and complicated feature?

Mr. KURTZ. It is not complicated, it is not an unusual thing.

Mr. DONNELLY. The next document I have here is a memorandum of June 14, 1951, from the area engineer at Rapid City to the district engineer at Omaha, complaining about the unexplained delay in straightening out this matter of the grease interceptor and pointing out the serious effect of it on the completion schedule.

May this be inserted in the record, Mr. Chairman?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter (referred to is as follows:)

[Second endorsement]

AREA ENGINEER, RAPID CITY AIR FORCE BASE,
Weaver, S. Dak., June 14, 1951.

To: District Engineer, Omaha District, Civil Engineer, 1709 Jackson Street, Omaha 2, Nebr.
(Attention: Mr. Hawthorne.)

1. Reference basic communication, first endorsement and telephone conversation with Mr. Hawthorne, Mr. Childs, and undersigned on June 13 regarding mythical (*sic*) Modification No. 1, this office is confused as to the extent of proposed Modification No. 1. It is our understanding that some shop drawings that we have approved are in violation as to changes that will be made in Modification 1, when issued; however, it is emphasized that this office has no information of the extent of proposed Modification 1.

2. Subject contract has been in effect for over 5 weeks; proposed modification has been in the mill at least 1 month. This office still has no information as to its content, other than inclusion of a grease interceptor as noted in first endorsement, and therefore, feels compelled to continue approval of shop drawings as as submitted, in accordance with applicable plans and specifications.

3. In order to clarify future changes, it is suggested that on future changes this office be given a brief of what the changes will affect. This will permit this office to coordinate shop-drawing approval to better mutual advantage. It is noted that any such lag as evidenced above could be suitable grounds for contractor to claim a minimum of proportional time extensions. Additionally, monetary consideration could be tremendous, even to include materials purchased and enroute or incorporated in the job. This job is scheduled tight without any change; delays as noted above absolutely prohibit its successful completion on schedule.

W. E. LECKIE,
Lieutenant Colonel, Civil Engineer, Area Engineer.

Mr. DONNELLY. May I say a word there? In the third line of this memorandum the word mythical is used. That was actually the word used in the memorandum. I checked that to be sure that it was meant to be "mythical."

Now, to complete the record, we have here the response of the district engineer, dated June 19, 1951. May this be inserted in the record at this point?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

[Third endorsement]

DISTRICT ENGINEER, OMAHA DISTRICT,
CORPS OF ENGINEERS,
Omaha, Nebr., June 19, 1951.

To: Area Engineer, Corps of Engineers, Rapid City Air Force Base, Weaver, S. Dak.

1. The data for the subject modification were forwarded to the architect-engineer on May 11, 1951, and the modification received in this office on June 14, 1951.

2. This office concurs in the opinion of the area engineer that the subject modification has been unduly delayed in preparation. This condition has been discussed with the engineering division and all possible steps are being taken to expedite the preparation of future modifications.

3. Reference is made to the suggestion of the area engineer that the area office be furnished a brief of proposed modifications. In this regard, it has been the policy of this office to furnish area and resident engineers a copy of all correspond-

ence pertaining to their respective projects. In accordance with this policy, the records here show that a copy of the letter to the architect-engineer, dated May 11, 1951, outlining the work to be included in the proposed modification, was furnished your office.

By order of the district engineer:

T. W. TRITT,
Chief, Supervisoring and Inspection Branch, Construction Division.

cc: Engineering Division.

Mr. DONNELLY. Mr. Kurtz, on behalf of the Corps of Engineers, have you any explanation to make of this situation?

Mr. KURTZ. I have none. This is, you might say, an intramural thing. I have no explanation to make of it. It is something that could very well happen in the pressure of a large volume of work that we undertook during that period of time.

I think this last piece of information that you inserted in the record indicates that the division engineer was cognizant of the situation and assured the area engineer that steps would be taken and that it would not happen again.

Mr. RILEY. There was more than a month's delay there according to these memoranda?

Mr. KORTH. That is right.

Mr. DONNELLY. The chairman asked a question of me, as to how much delay was actually occasioned in the construction of the mess halls by virtue of this situation. Do you know the answer to that?

Mr. KURTZ. No, sir; but I can get the answer.

Mr. RILEY. Would you please do that?

Mr. KURTZ. Yes, sir.

(The information requested is as follows:)

RAPID CITY AIR FORCE BASE, OMAHA DISTRICT

The grease traps for mess halls were installed under change order No. 2 to contract Eng 1045. The change order was dated June 18, 1951. No extension of time was required for the installation of grease traps.

Change order No. 2 covered the following work:

Installation of 12 grease traps, cost	$4,630
Revisions to steam piping system	36,000
Miscellaneous mechanical changes	4,870
Total cost of change order	45,500

The revisions to steam system and mechanical changes plus the delay in delivery of kitchen equipment required an extension of 139 days.

AMOUNT AND COMPLETION TIME OF VARIOUS CONTRACTS

Mr. DONNELLY. The schedule of contracts provided by the Corps of Engineers for Rapid City shows that there was a total of six separate contracts under way each of which was between $1 and $2 million, with the exception of one which was $2,382,000; and the time allowed for completion of these various contracts was between 161 and 240 days.

OVERDESIGN OF BUILDINGS

Mr. Chairman, may there be inserted in the record at this point an observation made by members of the committee staff who visited Rapid City Air Force Base with respect to the type of construction that they found in certain buildings there?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

RAPID CITY AIR FORCE BASE, S. DAK.

Overdesign

Another example of overdesign is the operations, control tower and crash-truck building at the Rapid City Air Force Base, S. Dak. Foundation walls are of reinforced concrete 14 inches thick, exterior walls of face brick backed up with concrete block. There is an elaborate terrazzo stairway with an ornamental iron railing; the main entrance (an area about 7 feet by 18 feet) is of plate glass with an aluminum frame, an excessive amount of ceramic and asphalt tile was used, and the kitchen and snack bar are unnecessarily elaborate.

Mr. DONNELLY. The Air Force has pointed out to the committee staff that this construction occurred prior to the program which we know as the austerity program; and the Air Force stated to me that they felt at that time this was a proper type of construction. Do you have any comment to make on this, General Myers?

General MYERS. Yes, sir. This particular building was in the 1950 construction program which, of course, was approved prior to that time. It must have been approved in the fall of 1949. At that time we really had no firm policy on the type of construction we would build. You remember, we were building Limestone, too, at that time and the concept then was that on permanent bases we would build permanently—good, permanent, indefinite-life construction.

The Air Force, if I may say, did not take any interest in construction at that time such as we are taking now and the policy was not firm, except that we would build a permanent structure. We were not watching it as closely as we should have. This by our standards now was overdesigned and I think, personally, by our standards then should have been considered overdesigned. It was more elaborate than we should have been building.

We corrected that, I think, and as you all remember the publicity we had on Limestone—in my opinion, the operations building there is also over-designed. That is the only comment I can make on it.

Mr. RILEY. Were these designs at Rapid City, including Limestone, made by the Engineers or by contract architect?

General MYERS. They were made by the Engineers.

Mr. KURTZ. They were made by an architect-engineer under the supervision of the corps.

Mr. RILEY. But it was a contract architect?

Mr. KURTZ. Yes, sir.

PROBLEM OF LOCATING MAINTENANCE DOCKS TO PREVENT INTERRUPTION OF BASE OPERATION

General MYERS. If I may say something else: In reading over this memorandum, it recalls to my mind at Rapid City these maintenance docks, which may explain somewhat the difficulty in siting. I have said that we did cause delay in siting the docks, because we had a problem at Rapid City of trying to keep open one runway while another runway was being worked on and at the same time put maintenance docks on the runway that was going to be kept separate and would later be closed in the same area.

We had a north-south runway and we had a northwest-southeast runway. The northwest-southeast runway is the one that was being extended the work on and we had to keep the north-south runway open at that time until we could get the northwest-southeast runway completed and the apron area and the maintenance dock area was down near the intersection of those runways. We had a terrible time trying to juggle the location of these docks and place them so they would not interfere with the operation of the one runway that we were going to keep open until we finished the other one.

A lot of that was in my own office, trying to work that one out.

Mr. RILEY. The committee will recess until Tuesday, April 2, at 10 o'clock.

TUESDAY, APRIL 22, 1952.

MUKILTEO PIER, WASHINGTON

CONVERSION OF PIER TO LOADING AND STORAGE FOR GASOLINE AND JET FUELS

Mr. RILEY. The committee will come to order.

I will ask Mr. Donnelly to proceed with our first project.

Mr. DONNELLY. The next project I would like to present to the committee is the work done on behalf of the Air Force on Mukilteo pier in the State of Washington. I have here an analysis of that situation which I would like to insert in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The analysis referred to is as follows:)

TULALIP ORDNANCE DEPOT AND MUKILTEO PIER, WASHINGTON

The staff discovered instances where construction work was abandoned due to a change in planning after being partially or fully completed.

The largest project visited which is in this category comprises the rehabilitation of two related ammunition handling facilities; a pier for loading seagoing vessels at Mukilteo, Wash., and an in-transit storage depot for railroad cars loaded with ammunition at Tulalip, Wash., which, together, cost $1,033,000. No use has yet been made of the $816,000 in-transit depot at Tulalip, and it probably never will be used as it consisted mainly of ammunition igloos and is so located geographically that, in the absence of the Mukilteo pier, it is without an outlet for overseas shipping.

On July 25, 1950, a contract was awarded for rehabilitation of the pier at Mukilteo to place it in condition so that ammunition designated for use in Korea could be loaded directly from railroad cars to seagoing vessels. This work was prosecuted on an emergency basis and completed on November 17, 1950, at a cost of $217,000. However, about a month previously (October 21, 1950), shipments from the pier were suspended, and on November 15, 1950, it was declared excess and custody was returned to the Air Force. The Air Force then decided to convert the pier into a loading and storage facility for gasoline and jet fuels. The present estimated cost of this conversion is $2,652,000. It will necessitate the removal of $125,000 of construction placed under the original contract for rehabilitation of the pier. Selection of the pier as a site for a storage facility for petroleum products seems open for question; there is very little room for expansion because of a lack of space, the storage tanks have been placed closer together than is ordinarily considered desirable for military installations, a main-line railroad passes nearby, and there is a residential area in the vicinity. The corps raised a number of questions with the Air Force regarding the inadequacies of the site.

To sum up the foregoing, the Tulalip depot costing $816,000 appears to be a total loss and part of the work done on the Mukilteo pier, which cost about $125,000 is being torn out in the construction of a new facility of questionable value.

Mr. DONNELLY. Now, the first portion of this summary deals with Army Ordnance and the latter part deals with the Air Force.

General Hardin, would it be more convenient for you to defer consideration of Ordnance's portion of this until the Army makes its own presentation?

General HARDIN. Yes, it would.

Mr. DONNELLY. We will confine our attention to the Air Force use of the pier which appears in the middle of the third paragraph, where there appears this sentence:

> The Air Force then decided to convert the pier into a loading and storage facility for gasoline and jet fuels.

Mr. RILEY. This is a double installation, as I understand it. One portion of the installation is for ammunition storage by the Army and the other fuel storage by the Air Force?

Mr. DONNELLY. Yes. You will see that the pier was turned over to the Air Force at a later date.

RECOMMENDATION OF CORPS OF ENGINEERS AGAINST PROJECT

I have here some correspondence on this subject which is of considerable importance. I have furnished a copy of this correspondence to the Corps of Engineers and to the Air Force, and I would like to have permission to insert it in the record at this point.

Mr. RILEY. Without objection, the correspondence will be inserted in the record at this point.

(The correspondence referred to is as follows:)

CORPS OF ENGINEERS, UNITED STATES ARMY,
OFFICE OF THE DIVISION ENGINEER,
NORTH PACIFIC DIVISION,
Portland 5, Oreg., April 3, 1951.

Subject: Preliminary Review of Air Force Petroleum Storage Installation at Mukilteo

To: Division Engineer, North Pacific Division, Corps of Engineers, Portland 5, Oreg.

1. Preliminary plans for Air Force petroleum storage installation at Mukilteo were approved April 2, 1951, with minor changes. Copy of plan with changes is enclosed herewith. Attention is invited to the first sheet which gives the over-all lay-out.

2. The approved lay-out meets minimum commercial standards; however, several features are not in accordance with best commercial practice.

(*a*) Congestion of area requires loading of railroad tank cars on the dock. This is done in some existing commercial installations, but Union Oil Co. specialists stated they would not recommend it in new construction.

(*b*) Tank spacing of 283 feet on centers imposes added hazards of spread of fire and requires counter measures for spraying adjacent tanks with water in the event of fire. Such counter measures are, of course, subject to mechanical break-down.

(*c*) Location adjacent to Puget Sound imposes a polution problem. This problem appears to be minor in extent but is, nevertheless, worthy of note.

(*d*) Location adjacent to main line of railroad involves added risk of damage due to fire or due to derailment.

(*e*) Expansion at the present site is limited to 25 to 50 percent of present capacity and is dependent on dredging in fill along the shore at the northeast end of the petroleum installation.

3. An installation of this character is exceptionally vulnerable to air attack. In addition to incorporating the above disadvantages from the commercial viewpoint, it does not appear to be suitable for a military installation vital to the operation of the Air Force. There have been various representations by different Air Force representatives as to the importance of this installation, but at least

two facts have been brought out indicating that its continued operation is of considerable importance to the Air Force.

(*a*) Mr. Edgar W. Murr of Headquarters, Air Matériel Command reported that at the present time petroleum for operation of Larson Air Force Base is being trucked from southern or central California due to the unavailability (of) appropriate products from any commercial or Air Force facilities in the Northwest.

(*b*) Representative of the Air Provost Marshal's office attending the conference reported that this installation will be classed as a critical installation.

4. Air Force representatives recognize that the approved layout is not the most desirable one. One comment was made that we are placing a 50-acre installation on an 18-acre tract. The original concept for this installation called for its construction on the plateau inland from the dock south or southeast. From study of topographic, photo, and real estate maps, enclosures 2, 3, and 4, it appears that suitable location could be found at an elevation of 300 to 500 feet and a distance of one-half to 1 mile. No engineering studies or cost estimates have been made of the inland sites due to statements of Air Force representative (Captain Simmons) at the criteria conference, that only the site at the water's edge should be considered. Air Force representative (Col. George Logan) at the preliminary conference of April 2, 1951, did not wish to delay approval of the enclosed plan for a comparative study at this time due to the following:

(*a*) An estimated 4 to 5 weeks' delay for completion of the studies.

(*b*) More important, if the studies were favorable at the inland site, acquisition of real estate for construction would be time consuming and would probably greatly delay the completion of the project.

5. As representative of NPD and therefore also for OCS, I could not recommend the layout furnished as sound military engineering. I agreed to approve it, however, in the event Air Force representatives would furnish us a statement by the Air Force liaison officer, or from Headquarters, USAF in Washington to OCE, that commercial standards would be satisfactory to this installation. After consultation with his Headquarters in Washington, the Air Force Liaison Officer stated that they had decided to furnish such a statement and had chosen to furnish it from Headquarters, USAF to OCE.

6. At the request of the Air Force representatives, final design is continiung without interruption, based on the preliminary plans as now approved. Air Force representatives also requested that Government procurement on pipe, pumps, and tanks be initiated in order to achieve savings in over-all construction time. I advised them that you would approve such action in the event our engineering studies showed that a real saving in completion time would result.

(Four enclosures.)

1. Preliminary plans (25 sheets).
2. Topo map, Washington Edmonds Quadrangle, 1:62,500.
3. Photo map, 1:20,000, Mukilteo and vicinity (2 sheets)
4. Atlas of Snohomish County, Wash. Scale 2 inches equals 1 mile.

T. H. Lipscomb,
Lieutenant Colonel, Corps of Engineers,
Assistant Division Engineer.

[First endorsement]

Office Division Engineer, North Pacific Division,
Corps of Engineers,
Portland 5, Oreg., 6 April 1951.

To: The Chief of Engineers, Corps of Engineers, Department of the Army, Washington 25, D. C. (Attention: ENGEY)

1. Site plans with all details including clearances between tanks were approved by United States Air Force representatives at the criteria meeting in Seattle on February 27 and the preliminary meeting in Seattle on April 2, 1951.

2. Clearances were also approved by your teletype ENGEU 2416 dated March 23, 1951, subject to raising concrete dike and party wall heights from 5 to 10 feet.

3. Because of the congested layout of this critical installation and its deviation from both minimum commercial as well as military engineering standards, this report is submitted for your information and such action as is deemed appropriate.

O. E. Walsh,
Brigadier General, United States Army,
Division Engineer.

CORPS OF ENGINEERS, UNITED STATES ARMY,
OFFICE OF THE DIVISION ENGINEER, NORTH PACIFIC DIVISION,
Portland 5, Oregon, April 5, 1951.

Subject: Approval of Preliminary Plans and Outline Specifications, and Design Analysis for Bulk Petroleum Storage Facilities at Mukilteo Depot, Puget Sound, Washington.

To: District Engineer, North Pacific District, Corps of Engineers, Seattle, Wash.

1. The subject plans and specifications were approved at a conference held in the Seattle Division Engineers' office on April 2, representatives of the North Pacific Division were Colonel Lipscomb, Mr. Davis and Mr. Walker.

2. It was agreed that the following corrections should be made:

(*a*) Water separaters will be provided. This is a reversal of a decision to eliminate water separaters reached at a prior meeting; but after considerable discussion with the using agency, it was decided that they were necessary.

(*b*) Drip trays with suitable drains to the sump tank will be provided under each car unloading station on the dock.

(*c*) All buildings and equipment at the site will become the property of the contractor, except railroad rails and ties and two of the existing storage tanks.

(*d*) No switch engine will be provided for the installation.

(*e*) The architect-engineer should investigate the needs of the using agency as regards administration building, shower and toilet facilities and shall use the existing buildings to the best advantage.

(*f*) A warehouse must be provided for storing unloading hoses, make-up sections, and other equipment used at the base. Mono rail should be provided for unloading trucks.

(*g*) The water supply to the site should be checked for adequacy as to fire requirements.

(*h*) The retaining walls around the tanks should be provided with angle iron stubs for fencing. The area within the retaining walls should be paved with a light mesh reinforced paving. This paving should be extended from the base of the tank to the retaining wall with suitable mastic joints.

(*i*) The circular concrete curb confining the tank foundation should be increased in diameter so that the tank base sits entirely upon a sand foundation. This type of construction is universally accepted. The detail shown on the AE drawing whereby the tank bottom extended over the concrete tray wall is not considered good practice. Settlement within the tray could cause excessive stress in the tank bottom at this point.

(*j*) The architect-engineer will provide a proper number of foam nozzles for each tank plus adequate hydrants for water.

(*k*) The architect-engineer will prepare specifications based on Government-furnished pipe, pumps and the construction and erection of storage tanks. The contractor will prepare the foundation for the tanks and of course install all necessary pipes and pumps.

(*l*) The size of the tanker unloading connections should be further checked by the architect-engineer.

3. Colonel Lipscomb, has written a letter to General Walsh, concerning the tactical hazard evident in the plans as now accepted by the Air Force and OCE. A copy of this letter and North Pacific Division endorsement to OCE is being forwarded to your office. It is understood that any approval given at this time is contingent upon further consideration of the layout by USAF and OCE due to Colonel Lipscombs' letter, but the work of the AE and procurement of Government-furnished items shall proceed on the basis of the preliminary plans presented.

H. N. WALKER,
Chief, Technical Engineering Branch
(For the division engineer).

Mr. DONNELLY. The members will note in the second paragraph of this letter that the person who signed it, Lieutenant Colonel Lipscomb, of the Corps of Engineers, states [reading]:

> The approved lay-out meets minimum commercial standards; however, several features are not in accordance with best commercial practice.

Then he gives his reasons in five paragraphs, (*a*), (*b*), (*c*), (*d*), and (*e*).

At the bottom of that page, in paragraph numbered 3, he points out further that an installation of this character is exceptionally vulnerable to air attack.

The committee will particularly note paragraph No. 5 on page 2, which states [reading]:

As representative of NPD (the North Pacific Divisoin of the Corps of Engineers) and, therefore, also for OCE (Office of Chief of Engineers) I could not recommend the lay-out furnished as sound military engineering.

In the next document in this sheaf we have the endorsement of Brig. Gen. O. E. Walsh, who testified before the committee previously on the Moroccan air bases, and this document is a transmittal to the Chief of Engineers in Washington.

In paragraph No. 3 General Walsh reports [reading]:

Because of the congested lay-out of this critical installation and its deviation from both minimum commercial as well as military engineering standards, this report is submitted for your information, and such action as is deemed appropriate.

The final document is a memorandum to the division engineer dated April 5, 1951, signed by H. N. Walker, Chief, Technical Engineering Branch, and in the last paragraph of this final document Mr. Walker states [reading]:

Colonel Lipscomb has written a letter to General Walsh concerning the tactical hazard evident in the plans as now accepted by the Air Force and OCE.

Our information is that contracts were awarded for this work Contract No. 946 was for the storage tanks and was awarded May 18, 1951, for $845,804; and contract No. 1,001, for bulk-petroleum storage, was awarded June 26, 1951, for $1,806,775—totaling, in round figures, $2,652,000.

STATUS OF CONSTRUCTION

Now, General Myers, has this construction work been proceeded with?

General MYERS. Yes.

Mr. MCCLOUD. It is approximately 70 percent completed now. It is under contract from two appropriations, and the total present working estimate on it is $2,762,000, which is slightly more than the sum of the two contracts that you have.

Mr. DONNELLY. Was the Air Force aware of these reflections on the part of the Corps of Engineers as to the siting and construction of this installation?

General MYERS. I am sure they were; yes.

EXPLANATION FOR PROCEEDING AT LOCATION

Mr. DONNELLY. Do you care to make any observation or explanation as to why this work was proceeded with at this location despite the objections of the Corps of Engineers?

General MYERS. I have not had an opportunity to look into this case. I do know that we have had considerable difficulty in locating our so-called strategic storage and in finding suitable sites. We, of course, like to get them located at a deep-water terminal where they can be filled from tankers; and this location, of course, is for shipment overseas and for use in the zone of the interior, shipments from the deep-water terminal overseas or by rail to the United States.

Of course, it was a Government-owned facility, and it was surplus; so, I presume that we jumped on it. The Air Matériel Command is charged with the location of these strategic POL facilities and the design of them.

I will have to get the committee further information, if you want it, as to why we felt that we must go ahead at this location in preference to locating someplace else.

SUITABILITY OF ADJACENT LOCATION

Mr. DONNELLY. In this memorandum of Colonel Lipscomb's, he points out from his study of the topography that a suitable location could be found a distance of one-half to 1 mile away, with more area available for the construction.

Mr. MCCLOUD. Was that a Government-owned facility that he is speaking of? The fact that this was a Government-owned facility which was surplus and had a suitable dock had a tremendous bearing upon the selection of this location. If that other location is private land that would have to be constructed, or if we had to build a dock to that land, that would be the reason for considering the present location in favor of that other one.

Mr. DONNELLY. When you get the further information, General Myers, would you give particular attention to these objections upon the part of the Corps of Engineers, and give reasons for the Air Force's choice of the site as against perhaps a more suitable one?

General MYERS. Yes. I am sorry that I cannot give you all the reasons and the choices that were involved as of now.

VULNERABILITY OF THE LOCATION TO AIR ATTACK

Mr. FURCOLO. In paragraph 3 of this letter it says that an installation of this character is extremely vulnerable to air attack. I gather from what you say, for one reason or another, that you want to have them right on the water.

General MYERS. Yes; to unload from tankers, to fill them from tankers, which is, of course, the cheapest method of transporting fuel.

Mr. FURCOLO. I cannot quite understand why any installation would not be similarly vulnerable if it were so located. Is there anything about that particular location that would make it more vulnerable than some other installation located on water within a radius of 5, 6, or 7 miles?

General MYERS. The only thing that makes it vulnerable, I think, is that it is located up in the State of Washington closer to the probable avenue of approach, and the fact that the tanks are located so close together rather than being dispersed, but that is a condition that we have to accept. It is a risk that we have to take. We cannot afford to disperse these like we would like to. The piping connections between them are extremely expensive. To disperse them takes more land. The commercial terminals in Jersey that we have all seen are terrifically vulnerable also. The tanks are jammed in there right tight.

Mr. MCCLOUD. Up until the time we found this facility available to us, we had only one small bulk-storage plant in the Northwest, and that was at Tacoma, and it was not nearly large enough.

Mr. FURCOLO. You have answered to some extent paragraph 3 of this letter of Colonel Lipscomb. It points out apparently that this installation is exceptionally vulnerable to air attack. As nearly as I can determine, any such installation located any place within 200 or 300 miles of where this one is would be vulnerable to air attack.

General MYERS. I think that is correct.

Mr. FURCOLO. I wonder if there is something in addition to what he is referring to there when he says "exceptionally vulnerable to air attack."

General MYERS. He says that an installation of this character is exceptionally vulnerable to air attack. That is because if you hit one of these tanks with a bomb, or get a close hit, you would spew the gasoline all over the place and spread the fire. A fuel installation storage of this type is exceptionally vulnerable to air attack.

Mr. MCCLOUD. This area is also exceptionally well defended.

General MYERS. As a matter of fact, a fuel-storage installation of this type is vulnerable to attack with small-arms weapons, or a hand grenade, or a hand bomb, or anything of that kind.

Mr. RILEY. At a storage facility like this, when you go to load for overseas, you have hydrants right on dock and pump right into the tankers.

General MYERS. Yes.

DISPERSAL OF STORAGE TANKS

Mr. RILEY. What is considered to be a safe distance between storage tanks?

General MYERS. Again, I would have to get you that information. It is the question of the capacity of them. We do have safety criteria set up. In this case, by the Armed Forces Petroleum Board.

Mr. RILEY. I know that you have criteria. I just wondered what it was. Then we could have a comparison between what was actually done and what is considered a safe criterion.

General MYERS. I will have to get you that information.

Mr. FURCOLO. You would agree that 283 feet is certainly not enough?

General MYERS. Yes, I certainly would. In our dispersal lay-out of storage facilities—if I remember the criteria—it is something around 4,000 feet. The maximum safe distance between aircraft, according to the criteria, runs over 2,000 feet. In aircraft you have the problem of a bomb that might be tied onto the airplane, and you have a lot of fuel stored in the airplane, and a hit on that airplane would spew gasoline and missiles over to another one. We have established the criteria that I mentioned of 2,000 feet. We have established a criterion of 1,500 feet as being the dispersal we would like to have accepting some risks.

In the case of these tanks, as I remember our criteria is around 4,000, but I would like to check that.

Mr. RILEY. If you put them 4,000 feet apart, that would take in this area a half mile distant.

General MYERS. Yes. That would be the ideal. We never attain it. When you disperse your facility of that kind your costs run way up for the pipe to interconnect all the tanks. In the interest of economy we have had to reduce that in our bases overseas. We have

had to accept the hazard and the risks rather than to pay the price and we have had to reduce the dispersal.

Mr. RILEY. How large a pipe, as a rule, do you run between the storage tanks?

General MYERS. Six or eight inches. Six inches probably in this case.

Mr. RILEY. A pipeline would be economical as compared to destroying a whole installation like that, would it not?

General MYERS. Yes.

Mr. RILEY. Do you have walls between these tanks?

General MYERS. No, sir; there are no blast walls. Of course, actually a blast wall between tanks of this kind would not serve. The gasoline would go over the wall. You could not build a wall high enough.

Mr. RILEY. At 283 feet apart, I do not believe that a wall would do you any good.

General MYERS. That is right. Aside from this question, as I said, we have had to abandon what we would like to have in the dispersal of our fuel facilities and the dispersal of our aircraft. The Secretary of the Air Force was quite insistent that we put them in, but we have had to abandon them due to the high costs at this time. In other words, we could not support the budget.

Our estimate in our 1953 program for these same measures that I am talking about at overseas bases ran over $300 million, and we had to abandon the plan.

COST OF LAYING PIPE

Mr. RILEY. How much does it cost to lay a foot of 6-inch pipe or 8-inch pipe? I saw some figures the other day that showed that they have run a network of pipe from the cracking plants all over the country. You cannot use cast-iron pipe?

General HARDIN. No. It is uniformly steel.

Mr. RILEY. It would be the same type of pipe that the commercial companies use to pump their gasoline all over the country? They seem to think that it is economical to transport their fuel and gasoline that way.

General MYERS. It is. It is the most economical way to transport the fuel.

Mr. RILEY. I am just wondering what the lineal foot cost of laying the pipe would be compared to the cost of one of these tanks. There is the possibility of having more than one destroyed in one attack.

General HARDIN. I can only guess at what the unit cost of a 6-inch line would be, not knowing the condition of the problems of placing it, but an average cost might be between $3 and $5 a foot.

General MYERS. We have a pipeline from Searsport in Maine up to Limestone Base. It is about 190 miles and cost $7 million approximately. That includes your lift stations and the land rights-of-way.

Mr. RILEY. This would be a matter of a half a mile, according to the testimony here.

General MYERS. Yes, which would run about $35,000 a mile.

Mr. RILEY. That would be rather inexpensive, compared with the value of a tank of gas, would it not?

General MYERS. Yes, sir.

Mr. RILEY. That is what I am talking about.

General MYERS. But this inland location would require a pipeline up there.

Mr. FURCOLO. Does anyone know offhand the approximate distance used by private commercial companies in the matter of tank spacing?

General MYERS. No, sir; I do not. I will have to get you that information this afternoon, if I may.

(The information may be found on pp. 176-177.)

KEESLER AIR FORCE BASE, BILOXI, MISS.

EXCESS COST OF COST-PLUS-FIXED-FEE CONTRACT

Mr. DONNELLY. Mr. Chairman, we have here at Keesler Air Force Base, Biloxi, Miss., another example of the excess cost of a CPFF contract as against a negotiated lump-sum contract. We have a schedule of comparison which was prepared by the Mobile office of the Corps of Engineers. May that be inserted in the record at this point?

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

Mobile Engineer District—Comparison of costs of buildings at Keesler Air Force Base, Biloxi, Miss.

	Total cost and date of contract	Total floor area	Total floor area all buildings	Contract cost per unit	Cost per square foot of floor area	Square foot floor area per man	Cost per man	Completion	
								Scheduled	Actual
		Square feet	*Square feet*						
Ewin Engineering Corp. Contract DA-01-076-ENG-609, Academic Building (1 only).	CPFF contract, $2,287,606, Oct. 10, 1950.[1]	138,140	138,140	$2,235,003	$16.18	28	$456	(2)	July 28, 1951
J. A. Jones Constr. Co. Contract DA-01-076-ENG-848, Academic Building (1 only).	Negotiated lump sum contract, $1,726,850, May 8, 1951.[3]	138,140	276,280	1,726,850	12.50	28	352	Feb. 18, 1952	June 24, 1952
Ewin Engineering Corp. Contract DA-01-076-ENG-609, airmen dormitories.	CPFF contract, Oct. 10, 1950.[4]	16,614	287,755	195,000	11.74	146	1,710	Apr. 15, 1952	Apr. 15, 1952
J. A. Jones Construction Co. Contract DA-01-076-ENG-947, airmen dormitories.	Negotiated lump sum contract, $14,632,100, June 29, 1951.[5]	18,468	1,564,400	172,734	9.35	162	1,515	Aug. 7, 1952	Sept. 1, 1952

[1] This cost includes $52,603 for furnishing all equipment, labor, and piling under this building. Labor on this building was $713,106 which includes $231,862 premium pay necessary to meet completion date. Premium of $25,000 paid for bar joists from warehouse stock to expedite building. 96 classrooms at 50 men per room, 4,800 men. This building was started by CPFF construction contract prior to completion of drawings by AE: construction and design carried on simultaneously in effort to meet early completion date desired by Air Force; materials procurement, and construction expedited for same reason. Building completed in about 7 months; was accepted by Air Force on July 28, 1951 and occupied by Air Force classes on July 30, 1951. This was first of 4 such buildings at Keesler and equipment and design was all new, serving as a pilot for other 3.

[2] Not reported.

[3] Bar joists in these buildings smaller in depth, reducing height of buildings. Hurricane beams reduced in size. These buildings are 2-story concrete block-masonry construction, concrete floors and concrete roof.

[4] Design on 114 airmen per barrack—concrete floors, concrete block walls and partitions, concrete roof, built-in cabinets, recreational rooms included, 3-story with central heating—10-feet high ceiling—foundations conditions require footings carried to depths of 8 to 9 feet.

[5] These costs are based on average building as 6½, 7, and 7½ buildings are tied together including mess hall. The mess hall is completely taken out. 8-foot high ceiling.

NOTE.—Prepared by Mobile District Office, Corps of Engineers, Oct. 3, 1951.

COSTS UNDER COST-PLUS-FIXED-FEE AND NEGOTIATED CONTRACTS

Mr. DONNELLY. You will notice that the first two contracts relate to academic buildings and the cost of the CPFF contract was $16.18 a square foot of floor area, whereas the cost of the negotiated lump-sum contract is $12.50 a foot. In the same group of contracts we have a dormitory CPFF contract for $11.74 a square foot and another dormitory negotiated lump-sum contract for $9.35 a square foot.

The CPFF contracts of October 10, 1950, for the two types of buildings were accelerated construction contracts.

General Myers, do you have any observation on this schedule?

General MYERS. No, sir; I do not. Apparently it is correct.

CONSTRUCTION OF ACADEMIC BUILDING UNDER ACCELERATED PROGRAM

Mr. DONNELLY. I note that the academic building was completed in about 7 months, accepted by the Air Force on July 28, 1951, and occupied by the Air Force classes 2 days later, on July 30, 1951. Does this tie in with your accelerated training program?

General MYERS. Yes, sir; it does. There is the same explanation as previously given. Keesler is one of our technical training stations. We were building up very rapidly. As I remember, that is where the first contracts for academic buildings and dormitories were let in this hurry-up program. If they were not the very first, they were among the very first. As a matter of fact, I think they were the very first.

TIME REQUIRED TO COMPLETE BUILDINGS UNDER NEGOTIATED LUMP-SUM CONTRACT

Mr. DONNELLY. General Hardin, do you know how much time was required to build the academic building under the negotiated lump-sum contract of May 8, 1951?

General HARDIN. No, sir; I do not have that information. I would be glad to get it for you, if you wish.

Mr. DONNELLY. Would you please do so, both for the academic building and for the second dormitory contract?

Mr. KORTH. Do you mean the construction time, the completion date?

Mr. DONNELLY. The completion date shown in the contract and the actual completion date, if there was any difference.

(The requested information was incorporated in the last column of the schedule of contracts printed just above.)

NELLIS AIR FORCE BASE, LAS VEGAS, NEV.

EXTENSION OF RUNWAYS AND CONSTRUCTION OF AIRCRAFT PARKING APRONS

Mr. DONNELLY. Mr. Chairman, the next project we have for the Air Force is Nellis Air Force Base at Las Vegas, Nev. May we insert in the record a copy of the summary?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

NELLIS AIR FORCE BASE, LAS VEGAS, NEV.

On January 29, 1951, a directive was issued for construction at this base which included $1,478,000 for extensions to two runways and taxiways, and $1,068,000 for aircraft parking aprons. On February 13, 1951, the original directive was amplified to cover the extension of three runways. Another directive further modified the project, as the work advertised for bidding on May 22, 1951, covered the extension of only two runways.

On June 1, 1951, bids were opened and the corps awarded a lump-sum contract on June 7, 1951, in the amount of $1,701,598, which specified a completion time of 115 days. However, the day before the contract was awarded, the Air Force directed the corps to eliminate the two runway extensions which were a major part of the proposed contract, to provide for the construction of a new runway for which plans had not been prepared, and also requested the redesign of other items in the proposed contract. These major changes substantially altered the scope of the project. Although the corps had full knowledge that the construction work would not be carried out in accordance with the plans, specifications and quantities as covered by the bids that had been submitted, it awarded the contract on the day following receipt of this advice from the Air Force. In telegraphic notice of award to the low bidder, the corps informed the contractor that "changes are being made in conjunction with grading and appropriate change order will be issued within the immediate future. * * *" "Such change order will provide for extension of time. * * *"

This major contract modification continued under discussion after the award on June 7, 1951, and the staff was informed on August 7, 1951, that the matter had finally been resolved and that a change order would be issued in the immediate future.

In the meantime, the contractor's operations were restricted to items of work which were not involved in the major changes. It is expected that the contractor will submit a claim on account of the idleness of equipment brought about by reason of the manner in which this contract was handled.

In discussing circumstances attendant upon the award of the contract, an official of the corps stated that the award was made with full knowledge of the extensive changes because of the need for extreme speed in completion of the runways. Also, he frankly stated that he was under instructions to obligate funds as rapidly as possible in June 1951, and this was a factor in the awarding of this contract. This was confirmed by a representative of the Air Force who advised that some of the difficulty arose because of the clamor to obligate second supplemental funds by the end of fiscal year 1951.

SCHEDULE OF PERTINENT DATES AND NEED FOR CHANGES

Mr. DONNELLY. Mr. Chairman, for the convenience of the members I have here a chronological schedule of the pertinent dates and attached thereto a copy of a telegram to the contractor with respect to the need for changes. May that be inserted in the record at this point?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

NELLIS AIR FORCE BASE, LAS VEGAS, NEV.

Office of Chief of Engineers authorization directive:

January 29, 1951: Extensions to two runways and taxiways; aircraft parking aprons.

February 13, 1951: Extension of three runways.

May 22, 1951: Extension of only two runways.

June 1, 1951: Bids opened.

June 6, 1951: Air Force notified Office of Chief of Engineers of major changes in contract for which plans and specifications had not been prepared.

June 7, 1951: Contract DA-04-353-eng-1193 awarded for $1,701,598, completion in 115 days. (Copy of telegram to contractor is attached.)

August 7, 1951: Changes about to be resolved; contractor partially idle.

Air Force in a hurry to obligate second supplemental funds by end of fiscal year 1951 (June 30, 1951).

LOS ANGELES DISTRICT,
June 7, 1951.

BASICH BROS. CONSTRUCTION CO.,
Garvey, Calif.

Contract No. DA-04-353-Eng-1193 awarded you June 7, 1951, for airfield expansion, at Nellis Air Force Base, Las Vegas, Nev., items 1 to 56, inclusive, amount $1,701,598.65. Contract papers being prepared. *Changes are being made in conjunction with grading and appropriate change order will be issued within the immediate future* to effectuate such changes. *Such change order will provide for extension of time* for any delay caused by the change in accordance with the provisions of article 5-C, delays—damages. Your attention is invited to the provisions of SC-1 regarding commencement of work within five calendar days after date of contract.

(Italics supplied by committee staff.)

OTTO N. RUGEN,
Chief, Supply and Procurement Division.

REASON FOR CONSTRUCTION OF NEW RUNWAY

Mr. RILEY. General, can you give us any information as to why it was decided to build a new runway at Nellis Air Force Base instead of extending the runways that were in existence there?

General MYERS. Yes, sir. I believe Mr. McCloud can explain that perhaps a little better than I can.

Mr. MCCLOUD. Originally it was intended to use just one type of aircraft at that station; I mean the conventional type of aircraft, the T-33 and the F-51, as advanced single-engine trainers. After the specifications were drawn up, and the work was ready for advertising, the training directorate decided that they were going to put F-80's in Nellis also.

The two types of aircraft had to have two separate runway patterns on which to operate. So, rather than extend the existing runway as originally planned, it was decided to build an entirely new runway in order to put the jets on one runway and the conventional craft on the other.

The question that was brought out here about extending the three runways at one time, never did get into Washington. I checked that. It may be that it was discussed out in the field, but it was disapproved before it ever reached the training directorate or our installations directorate.

Mr. RILEY. These runways were sufficient for the regular propeller-type planes?

Mr. MCCLOUD. They required a small extension. But the reason General Disosway requested that all of the funds be spent on the one runway was because we were short of funds. They did at first order an extension on the existing runway for the conventional aircraft, but later decided, if they could get a new runway, they could get along with the length that they had.

Mr. RILEY. Did they have the jet planes to use on this runway that required a crash program?

Mr. MCCLOUD. Yes, sir; they are both operating there now.

Mr. RILEY. You actually had the jet planes?

Mr. MCCLOUD. Yes, sir.

General MYERS. Yes, sir; those F-80 trainers.

ISSUANCE OF CHANGE ORDER

Mr. DONNELLY. Mr. McCloud, do you know how long it was before the Air Force and the Corps of Engineers informed the contractor of the change?

Mr. MCCLOUD. Well, we would not inform the contractor, we would inform the Corps of Engineers; no, sir; I do not have those exact dates. I remember very well when it happened.

Mr. DONNELLY. You notice here that as of August 7 the change order had not been issued, which was 2 months after the awarding of the contract?

Mr. MCCLOUD. I am sure I can get that data. I am just hoping that it was not one of our telephone calls.

Mr. DONNELLY. General Hardin, do you have any information with respect to the date of the issuance of the change order?

General HARDIN. Only the information which apparently you had, Mr. Donnelly. I do not have anything different from that.

Mr. DONNELLY. The last date is August 7, 1951, which says:

Changes about to be resolved; contractor partially idle.

General HARDIN. The only other information that I have, or available data here, is this; that it was found that the quantities involved in the two plans were approximately the same. The borrow area was also the same in each case. The original low bid on the extension was $1,701,598. The present contract—this may in part answer your query—including nine change orders is $1,697,490 for the new runway.

QUESTION AS TO IDLENESS OF CONTRACTOR DURING CHANGE ORDER PREPARATION PERIOD

Mr. DONNELLY. General, do you have any information with respect to the question whether the contractor was idle from June 7 until August 7?

General HARDIN. No, sir; I do not have anything to indicate one way or another, whether that was true.

Mr. DONNELLY. Do you know whether the contractor applied for an extension of time?

General HARDIN. No; I do not. Those questions can be readily answered by an inquiry to the contracting officer, if you would like to have the information.

Mr. DONNELLY. Will you please furnish that information, and also copies of the change orders?

General HARDIN. I should be glad to.

(The following took place on the last day of the Air Force hearings:)

DELAY BECAUSE OF CHANGE ORDERS

Mr. DONNELLY. In addition, on the Nellis Air Force Base at Las Vegas, you will probably recall that that contract was let notwithstanding the fact that the Air Force had changed its mind the day before the contract was let, and actually the Air Force and the Corps of Engineers and the contractor did not know what the work would be.

We have here a statement by General Hardin in writing on the subject and it shows that the change order that defined the work was

not made for a matter of 2 months; that the contractor was idle for a substantial portion of that time, that change order was No. 5.

We also have here a change order No. 3 which states that the contractor is entitled to a time extension by reason of the delay of the Government in furnishing him plans and specifications.

May that be inserted in the record, Mr. Chairman?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 28, 1952.

Memorandum for: Mr. Fred Korth, Deputy Department of the Army Counselor.
Subject: Nellis Air Force Base, fiscal year 1951 program.

1. In accordance with the request of the Riley subcommittee of the House Appropriations Committee there is forwarded herewith contract No. 04–353–eng–1193, together with all change orders and findings of fact pertaining thereto. This contract and change orders thereto cover the work in connection with the construction of a new runway.

Amount of original contract: $1,701,598.65. Contract awarded June 7, 1951, and was based on extension of existing runways.

Change orders issued as follows:

Change Order—	
No. 1. Change in sewage line	$892.35
No. 2. Change in fire hydrants	1,800.00
No. 3. Extension in time—60 days to Dec. 1, 1951.	
No. 4. Electrical changes	2,975.00
No. 5. New runway in lieu extending old runway (time extended to Jan. 31, 1952)	17,142.80
No. 6. Change in fence	317.61
No. 7. Change in drains and fence	1,628.40
No. 8. Relocation runway lighting	550.00
No. 9. Change in electric duct bank	2,586.45
No. 10.[1] Change in shoulder construction (time extended to Apr. 1, 1952)	67,732.66
No. 11. Plug 36-inch drain	70.00
No. 12. Additional fence (time extended to May 1, 1952)	12,842.00
Total net	minus $71,771.25

[1] As yet not signed by contractor.

Status of job: As of March 31, 1952, 98 percent complete. Will be completed about May 1, 1952.

Los Angeles district engineer states there has been no correspondence relative to pending claims on this contract.

APRIL 28, 1952.

It was reported that contractor was idle from contract award date June 7, 1951, to August 7, 1951. Prior to the time contractor commenced work on contract, it was determined that new northeast/southwest runway No. 2 was to be constructed in lieu of extending existing runway No. 1. The contractor suspended operations pending revision of plans; this revision was completed in time to permit contractor to commence August 7, 1951. The knowledge that new runway No. 2 was to be constructed in lieu of extending No. 1 was available prior to award of contract. It was determined to be in the interest of the Government to award contract in view of emergency of Korean situation, to permit the contractor to mobilize his equipment and materials during the period of redesign. No physical construction was performed during the period.

JOHN R. HARDIN,
Brigadier General, United States Army,
Assistant Chief of Engineers for Military Construction.

1 Enclosure. Contract No. DA–04–353–eng–1193.

CORPS OF ENGINEERS, UNITED STATES ARMY

OFFICE OF THE DISTRICT ENGINEER

Los Angeles District, 751 South Figueroa Street, Los Angeles, California

Change Order No. 3 to
Contract No. DA-04-353 ENG-1193
SEPTEMBER 30, 1951.

CHANGE ORDER

BASICH BROTHERS' CONSTRUCTION CO.,
3850 South San Gabriel Blvd.,
San Gabriel, California.

GENTLEMEN: Under Article 5 *Delays-Damages*, of your Contract No. DA-04-353 ENG-1193 dated 7 June 1951 for Airfield Expansion at Nellis Air Force Base, Las Vegas, Nevada, it has been determined that delay in the performance of said contract was due to causes beyond your control and without your fault or negligence; namely, acts of the Government in its contractual capacity.

Therefore, time for completion of performance under said contract is hereby extended to 1 December 1951.

All other terms and conditions of said contract as it heretofore may have been modified shall be and remain the same.

Therefore, if the foregoing modification of said contract is satisfactory, please note your acceptance thereof in the space provided therefor on all copies of this modification. Two copies are to be returned to this office and one copy may be retained for your records.

THE UNITED STATES OF AMERICA,
By W. R. SHULER,
Colonel, Corps of Engineers,
Contracting Officer.

The foregoing modification of said contract is hereby accepted.

BASICH BROTHERS' CONSTRUCTION CO.,
By _____,
Title _____.

ENG Form No. 111
Revised 15 Jan 51
ARMY—C. of E.—Los Angeles

OCTOBER 12, 1951.

FINDINGS OF FACT

Change Order No. 3 to Contract No. DA-04-353 ENG-1193
Basich Brothers' Construction Co.—Airfield Expansion at Nellis Air Force Base, Las Vegas, Nevada.

1. *Description of change.*—Extension of time under Article 5 *Delays*—Damages, for performance of the contract to December 1, 1951.

2. *Necessity for change.*—Contractor has been delayed in the performance of his work by causes beyond his control and without his fault or negligence; namely, acts of the Government in its contractual capacity in revising the specifications for the work to be done under the contract.

The contract is dated June 7, 1951, with provision for completion 115 days thereafter or September 30, 1951. Thereafter, contractor was advised not to proceed with this work as the location of the runway together with drainage facilities and other appurtenances would be changed. However, contractor did not receive the revised plans and specifications covering this work until on or about July 26, 1951.

Thereafter, and on or about August 10, 1951, the contractor was again advised that changes would be made in his work and revised specifications were issued to cover these changes. However, before these specifications could be furnished the contractor, changes again were made, which changes are still pending and at the present time there are still portions of the work on which the contractor cannot proceed, due to the fact that no specifications or information have been made

available to him. These changes have been by direction of the Air Force and are beyond the control of this office

It has, therefore, been determined that contractor is entitled to the extension which he has requested and time for completion of the contract has been extended to December 1, 1951.

3. Change Order No. 3 has been issued to provide documentary authority for the changes thereunder.

W. R. SHULER,
Colonel, Corps of Engineers,
Contracting Officer.

STATUS OF PROJECT

Mr. DONNELLY. Has this work been completed?

Mr. MCCLOUD. Yes, sir.

Mr. DONNELLY. When was it completed?

Mr. MCCLOUD. It is substantially complete. What I have here shows that the estimated completion date was January 5, 1952. It is carried as 94-percent completed now, which indicates that it was completed. There is just a little clean-up work yet to be done.

AWARD OF CONTRACT FOLLOWING THE NOTIFICATION OF MAJOR MODIFICATION IN PLANS

Mr. DONNELLY. What is the answer to this proposition stated in the summary that the day before the contract was awarded the Air Force notified the Corps of Engineers of changes in the contract for which plans and specifications had not been prepared and notwithstanding, the contract award was made the next day?

General HARDIN. I can only surmise and I will offer that for what it may be worth.

I can conceive that this bid would have been based on a unit-price proposition, which is the general way that we make up a contract of this character; so much per yard for grading, so much per square yard for paving, and so forth. That allows a certain amount of flexibility in executing the contract.

If the work is essentially in the same place, as apparently it was, the quantities under the original advertisement might have been close enough to the estimated quantities of the new concept and under those circumstances it could be the most expeditious way of getting the work initiated, rather than waiting for a complete readvertising of the work and complete plans to be prepared.

The information that we get from the district, as I said a moment ago, is to the effect that it was found that the quantities involved in the two plans were approximately the same; the borrow area was also the same in each case, which would leave the operating problem before the contractor about the same.

I think there was an element of desire to get the work under way, if we go back to those days and visualize the pressure that everyone was under to get something usable in the defense effort.

We had broad authority to negotiate, as is well known. We chose to use the advertising procedure to the utmost, because, as we have so frequently said, it was to the interest of the Government to do so. Here we had a situation almost in hand and I can evaluate in retrospect without having the details that it was a desirable thing to do.

Mr. RILEY. Were the construction funds in the second supplemental bill continuing funds or fiscal-year funds?

General MYERS. No, sir; no-year funds.

REASON FOR RUSH TO OBLIGATE FUNDS WITHOUT COMPLETION OF PLANS AND SPECIFICATIONS

Mr. RILEY. Why was the Air Force in a hurry to obligate this without the plans and specifications being fully complete?

General MYERS. We were in a hurry to obligate the funds, to get the facilities to take the training load.

As we have stated before, there was a big-build up in the training load at all of our bases; indoctrination centers, technical training bases and flying stations.

We certainly would have liked to go ahead with the contract as originally drawn, but the training people, in the utilization of the bases, decided that they had to use this for jet trainers and we had to accept the delay in modifying the contract to provide for the new runway. And since the plans and specifications were not ready, we had to hold it up until they could be made available, could be prepared.

Mr. DONNELLY. Mr. Chairman, this may shed some light on your question. The Air Force issued on January 11, 1951, a general letter with respect to the obligation of funds of the second supplemental, 1951, and we see the following in this letter.

As indicated in paragraph 4 of reference 1 (b), completion of construction is urgently required and a target date of June 30, 1951, has been established for obligation of all funds appropriated. Recent accelerated programing of the build-up of the Air Force dictates that this target date and objective be improved by further accelerating this program to obtain the maximum construction in place, on a priority-of-need basis, at the earliest possible time.

Mr. Chairman, may these letters of January 11, 1951 and December 15, 1950, be placed in the record at this point?

Mr. RILEY. Without objection, they may be put in the record at this point.

(The matter referred to is as follows:)

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS UNITED STATES AIR FORCE,
Washington 25, D. C., January 11 1951.

Subject: Implementation of fiscal year 1951 Air Force Construction Programs.

1. Reference is made to the following:

(*a*) Copies of Air Force second supplemental program, fiscal year 1951, previously furnished your headquarters.

(*b*) Letter from this headquarters to the Chief of Engineers dated December 15, 1950, subject, Advance Planning Air Force Construction, Second Supplemental Program, Fiscal Year 1951, copy attached.

(*c*) Letter from this headquarters to your command dated December 22, 1950, subject, Site Locations For Facilities Included In Fiscal Year 1951 Air Force Second Supplemental Program.

2. By reference 1b, this headquarters has, with certain exceptions, authorized the design by the Corps of Engineers of all projects contained in the fiscal year 1951 second supplemental program. Exceptions are certain specialized or classified facilities, the design of which has been initiated by separate action through appropriate Air Force channels. As indicated in paragraph 4 of reference 1b, completion of construction is urgently required and a target date of June 30,1951, has been established for obligation of all funds appropriated. Recent accelerated programing of the build-up of the Air Force dictates that this target date and

objective be improved by further accelerating this program to obtain the maximum construction in place, in a priority of need basis, at the earliest possible time. Attainment of this accelerated objective is contingent upon a maximum of cooperation between the using and constructing agencies, the early and firm establishment of facility site locations and the expeditious development and supply of design criteria and requirements. This headquarters is currently furnishing the Chief of Engineers all available design requirements applicable to this program. There will, however, be instances where the Air Force command and/or the installation commander will be called upon to furnish such requirements. In addition, this headquarters is furnishing the Chief of Engineers the priorities on the basis of date of need for the facilities by base.

3. In consonance with paragraph 2 above, the following policies will pertain to the fiscal year 1951 Air Force construction programs:

(*a*) Your headquarters is delegated authority to establish criteria where no criteria has been furnished to the Office of Chief of Engineers by this headquarters, and where published Air Force policies and regulations are not in conflict.

(*b*) By reference 1c, you have been requested to determine site locations for each facility. The United States Air Force liaison officers with the division engineers have been delegated authority to approve site locations and preliminary designs and outline specifications for the Chief of Staff, United States Air Force. As stated in reference 1c, site locations must be in consonance with the latest master-plan development either in being or under preparation.

(*c*) Your headquarters is responsible for establishing effective liaison with the Air Force liaison officers with the division engineers and keeping them currently advised of your actions and decisions relative to the construction program.

(*d*) By reference 1c, your headquarters has been delegated authority to establish site locations of all facilities in the construction program. This activity should be completed at the earliest possible date, but no later than March 1, 1951, for all facilities in the program. Once site locations are established and approved by the Air Force liaison officer, no changes should be made except under the most compelling circumstances.

(*e*) Your headquarters is authorized to appeal to this headquarters for a change in design instructions to Office of Chief of Engineers where the established criteria are not considered satisfactory, where a difference in interpretation of established criteria exists between your headquarters and the Corps of Engineers, and in cases where the district engineer is believed to be deviating from established criteria. This headquarters will be furnished full information and detailed justification by the most expeditious means and the district engineer will be simultaneously advised of the action taken in order that his views may be stated through engineer channels. Resolution will be between this headquarters and Office of Chief of Engineers. This headquarters will either issue a revised directive in such cases or will advise you to abide by original instructions.

(*f*) When projects have reached the construction stage it is expected that you will keep advised of the progress of construction through command and technical visits to the work. In cases where defects in criteria, design, or workmanship are disclosed, which cannot be resolved by contact with the liaison officer, the information will be furnished to this headquarters by the most expeditious means. As in (*e*), preceding, the district engineer will be advised of your action. This headquarters will resolve the problem with Office of Chief of Engineers. It is emphasized that changes after construction has started must be limited to those of a functional nature necessary to make the facility usable and not merely for greater convenience of use.

4. The foregoing statements are intended to expedite the construction program by establishing firm criteria, site locations, and prompt approval of preliminary plans and specifications; by holding changes to an absolute minimum consistent with functional arrangements; and by conserving time, effort, and expenditures. Any suggestions in keeping with these objectives are solicited.

5. It is requested that the information contained in this letter be given wide distribution within your command. Further delegation of authority contained herein, to subordinate commands and installation commanders, as determined appropriate by your headquarters, is authorized.

By command of the Chief of Staff:

PATRICK W. TIMBERLAKE,
Major General, United States Air Force,
Director of Installations,
Office, Deputy Chief of Staff, Matériel.

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS UNITED STATES AIR FORCE,
Washington 25, D. C., December 15, 1950.

Subject: (Unclassified) Advance Planning Air Force Construction, Second Supplemental Program, Fiscal Year 1951.

To: Chief of Engineers, Department of the Army, Washington 25, D. C.

1. Attached are three copies of the Air Force second supplemental fiscal year 1951 construction program recently submitted to Congress. In anticipation of early authorization and appropriation to implement this program, funds for advance planning of projects lists are being released.

2. With the exception of certain projects, peculiar to Air Force agencies, and identified as such in the enclosed program, or on projects for which design and/or construction has previously been authorized, you are authorized to proceed with all advance planning preliminary to award of contracts on the projects listed.

3. General provisions applicable to the work authorized are as follows:

(*a*) A list of installations, contained in this program, identifying the standard of construction to be utilized (10-year, or 25-year life) is being prepared by this headquarters and will be forwarded as soon as possible.

(*b*) Projects as listed do not convey sufficient detail to permit your office to proceed with design. The following procedures will be utilized to obtain such data as applicable:

(1) Subsequent conferences between representatives of this headquarters and your office.

(2) Use of standard plans previously developed.

(3) Submission of design criteria and site locations by the base commander and/or the Air Force Command to the district engineer.

(4) Concurrent use of data to be furnished by this headquarters in connection with development of Folio of Air Force Standard Plans by your office.

(c) This headquarters is currently studying the classification of this program as a whole, and of the individual installations and projects listed therein. Ground rules regarding declassification of portion of the information contained in the program, pertinent to issuance of design directives by your office will be made the subject of separate correspondence.

4. The facilities in this program are urgently required and, contingent upon early congressional action, obligation of funds for construction is desired by June 30, 1951. It is requested that negotiated contracts be utilized when deemed necessary by your office in meeting this schedule.

5. Funds in the amount of $23,737,000 ($14,611,000, project 321; $9,126,000, project 331) for the advance planning of this program will be met from funds programed for this purpose as set forth in Air Force Forms 265C dated December 12, 1950.

For the Chief of Staff:

COLBY M. MYERS,
Brigadier General, United States Air Force, Directorate of Installations Office, Deputy Chief of Staff, Matériel.

(Identical letter to zone of interior commands.)

Mr. RILEY. Who issued this directive?

General MYERS. This was issued by the Director of Installations, then General Timberlake. I was his deputy, in the Air Force.

Mr. RILEY. I am just wondering why the date June 30 was designated. Is there any significance to that?

General MYERS. Yes, sir; as I think I have stated previously, there are two significant things there. Frankly, we were trying, as I said before, to obligate our funds in that fiscal year, to make as good a record as we could, knowing that we needed the money and we could obligate it. June 30, 1951, was the end of the fiscal year, and although that did not apply to no-year funds, there was a great deal of heat from all sources within the Air Force to make a good showing. As this letter states, we wanted to accelerate even to an earlier date than June 30, 1951. So it was a question of getting the work in place as rapidly as we possibly could and also to make a good showing on the obligation of our money.

Mr. RILEY. If I read this schedule correctly, the bids were opened on the 1st of June and the contract was held up on the 7th of June for major changes. I am just wondering why that decision was not made before the 1st of June so that all contracts could have been thrown out and relet with proper plans and specifications?

DELAY OF CONSTRUCTION DURING CHANGE ORDER PERIOD

Mr. KORTH. I think it is well to point out in connection with the summary which Mr. Donnelly has prepared here that during that period contract operations were not completely stopped, but they were restricted to items of work which were known to be necessary anyhow; so that the contractor was not idle during that period.

Mr. DONNELLY. With this exception, the telegram to the contractor states:

> Such change order will provide for extension of time for any delay caused by the change in accordance with the provisions of the contract.

Mr. KORTH. That is right.

Mr. DONNELLY. My understanding is that the change was a major change, and that during this 2-month period, the contractor could have done incidental work; but the major construction under the contract was delayed.

Mr. KORTH. I am sure that is correct.

Mr. RILEY. There is bound to have been some lost motion there, because he could not intelligently plan his preliminary work if he did not know what the contract was going to be?

Mr. KORTH. I did not mean to imply that there was no lost motion. Certainly there was. But it was not all lost motion. Apparently they were able to do something.

DATE OF START OF WORK ON PROJECT

Mr. MCCLOUD. This record does not indicate 2 months' delay; it indicates 1 month.

Mr. DONNELLY. To what record do you refer there?

Mr. MCCLOUD. The contract was awarded on the 7th of June, that is right. I checked that. But work started on July 10, which is about 1 month after the contract was started and the design was not completed until July 16.

Mr. DONNELLY. When you say "work started," does that mean major work under the contract, or does that mean this incidental work?

Mr. MCCLOUD. It could mean the incidental work that Mr. Korth mentioned. But actually work started, according to this record, which is the latest one prepared by the district engineer, on July 10.

Mr. DONNELLY. You see, the committee staff people were there physically on August 7, and the Air Force field people stated that the change order had not been resolved then. We have found that running throughout these hearings, as we all recognize. The information that our people in the field got from your people in the field may not coincide with the information that the services have here in Washington.

General MYERS. We have a report from the Los Angeles district on this item for the new runway and extension of taxiways, which

shows the completion of the design on July 16, 1951. The contract was awarded on June 7, 1951. In other words, the contract was awarded on June 7 and the design was completed on the 16th of July. The work started on the 10th of July before the design was completed, which ties in with what General Hardin said about unit cost; that is, they undoubtedly had grading plans prepared before they had the final design on the runway complete.

LIMITATIONS ON CONTRACTING BY CHANGE ORDER OR SUPPLEMENTAL AGREEMENT

Mr. DAVIS. What limitations are there on what you might call contracting by change order? In other words, just to take an extreme case, for instance, what is to prevent you from letting a contract, let us say, involving a small amount of work, letting that contract on the basis of the lowest bid, and then changing that contract to involve a great deal of work simply through the expedient of a change order to that particular contractor?

General MYERS. Perhaps General Hardin would prefer to answer that.

General HARDIN. I think I had better. I do not know of anything, as a legal prohibition. Certainly you reach a point in good judgment as to what to do. A change order is one way of making a change in a contract. A change order is supposed to be within the scope of the work as described at the time you had a meeting of minds on the contract. In other words, it is the same general location; it is of the same general magnitude; the same kind of work. That is, you are building a masonry structure and although you may change some details, you do not revert to a timber structure. That is what we mean in the use of the term "change order" in our procedure.

But there is another method available to modify a contracting relationship, and that is a supplemental agreement. A supplemental agreement is a change to a contract, which is generally outside the scope of the initial agreement. In that case it has to be accepted by both parties. A change order, on the other hand, can be imposed on a contractor and is so stated in the changes article of the contract. A supplemental agreement, on the other hand, is something of more importance than a change order.

Mr. DAVIS. Then perhaps my question should be with respect to the supplemental agreement. Through that method it would be possible to go through all the forms of having a bid contract and yet, in effect, have a negotiated contract for any given project?

General HARDIN. It is subject to certain checks and balances in the organization; authority for modifying a contract being limited in our organization to certain amounts to the district level, to a different amount to the division level and finally reserved to the Chief of Engineers for certain other amounts on which they must get his approval.

Mr. DAVIS. That is what I have in mind. Your answer is that so far as you know there is no legal limitation?

General HARDIN. That is right, that is my understanding.

Mr. DAVIS. But there are limitations by regulations within the corps?

General HARDIN. Yes, sir; definitely there are administrative regulations, under a very clear-cut procedure laid down in our orders and regulations on that subject.

Mr. RILEY. General, is it not customary, in an extension of a contract in the ordinary engineering contractual field, to hold those changes to 25 percent of the original contract? Do you know whether or not that is true?

General HARDIN. If I understand you, Mr. Chairman, to limit the number of changes to 25 percent——

Mr. RILEY. No; I am referring to an extension of a contract. Is it not customary in most contracts outside of the services, in the private field, to limit those extensions to 25 percent of the original contract?

General HARDIN. I am not aware of that; but maybe this is what is in your mind. It is common practice, when you are providing funds for a contract operation to provide a contingency amount which will enable you to do certain things. Ordinarily we provide anywhere from 5 to 25 percent over the engineer estimate to take care of those uncertainties which lead to change orders during the life of a contract, particularly in places where foundation conditions are difficult and you cannot foresee them all. You may have a high contingency reserve for the execution of your contract, but it is habitual in most construction work to recognize the need for making change orders during the life of the contract as things occur. In fairness to the contractor you do that as well as in fairness to the Government. It works both ways. You have an opportunity for credits and increases on both sides.

Mr. RILEY. But that is usually limited to a certain percentage of the original contract; it is not a wide-open proposition?

General HARDIN. As far as the funding goes it is limited to setting up a reserve that you consider a reasonable reserve for that type of work. There is nothing prohibiting you, however, from modifying that reserve during the life of the contract, if you can get the money, or if circumstances are such as to cause you to depart from the original reserve. We frequently have to do that.

Mr. RILEY. Let us take, for instance, the building of a runway. You have a runway of a certain number of feet, a certain thickness. Then you desire to add a couple a hundred feet, or something of that kind, at the same unit price as in the original bid. You can do that; but as a rule I think in private practice that is limited to a certain percentage of the original contract, because materials and labor may have gone up in the meantime and the contractor would be caught in a vise, or might be?

General HARDIN. I think you are right. You are referring to the kind of a contract which we do frequently use, a unit-price contract. It may be one similar to the one we are discussing. You tell the contractor the quantities may vary as much as 25 percent, or whatever the percentage is, that you have under consideration.

Mr. RILEY. Yes.

General HARDIN. That again is frequently utilized where it is to your advantage to save in engineering cost and have a flexible operating contract. You must give him some idea, however, of what he is likely to face in the way of the degree of flexibility that he will be called upon to perform.

Mr. RILEY. That is correct. Now, in relation to Mr. Davis' question, it is not the general practice, as I understand it, to take a unit bid on small quantities and then expand that indefinitely?

General HARDIN. No, sir.

Mr. RILEY. You do have a certain limit, or it would be very difficult to get a contractor to bid.

General HARDIN. Actually, in a change order, unless you have that clause, that you are permitted to vary quantities within a certain percentage—if you have that clause, you must call upon the contractor to do the work under the same unit price that he bid. However, if you did not have the clause or if you wanted to exceed that percentage variation, you must estimate the cost of the work and have a meeting of minds on what that additional work will cost before you enter into a change order with the contractor. That is, the habitual procedure is to estimate the cost of the change.

Mr. RILEY. Do your contracts contain any clauses that would govern a situation such as Congressman Davis asked you about?

General HARDIN. Yes, sir; under the administrative authority. The contract does not include it, but that is covered under our orders and regulations under which the contracting officers operate.

Mr. DONNELLY. Mr. Chairman, I have here a specific illustration of Mr. Davis' question. This is a case where the contract was in the amount of $668,000 and there was a negotiated change order amounting to 100 percent of the contract. I have the record of the district engineer, who was required by the Armed Forces Procurement Act of 1947 to make findings of fact, which brought him within section 2 (c) (1) of the act, which permits that, if the officer makes a finding that it is in the public interest during the period of a national emergency declared by the President or by the Congress. There are 17 exceptions in this act, to competitive bid contracting. And I am sure that that is applicable.

Separate and apart from the provisions of this act, I understand there are in the Armed Services Procurement Regulations certain implementing provisions, to the provisions of this act. Would you be good enough to get those for us, so that we could see them?

General HARDIN. Yes, sir.

(They are printed in the appendix of pt. 3, Department of the Army.)

Mr. RILEY. The committee will recess until 2 o'clock.

AFTERNOON SESSION

MUKILTEO PIER, WASHINGTON

WITNESSES

COL. GEORGE LOGAN, USAF, CHIEF, ENGINEER SERVICES BRANCH, DIRECTORATE OF INSTALLATIONS
LT. COL. WILLIAM S. CLARKE, USAF, AF INSTALLATIONS, REPRESENTATIVE, NORTH PACIFIC DIVISION, PORTLAND, OREG.
LUKE J. FEGAN, ENGINEERING DIVISION, OFFICE OF CHIEF OF ENGINEERS, DEPARTMENT OF THE ARMY

Mr. RILEY. The committee will come to order. Mr. Donnelly may proceed.

Mr. DONNELLY. General Myers, on behalf of the Air Force, we have brought here this afternoon Colonel Logan and Colonel Clark, both to testify on the Mukilteo pier and the petroleum situation, and General Hardin has brought Mr. Fegan, who can testify with respect to military and commercial practices on petroleum storage.

CRITERIA FOR DISPERSAL OF STORAGE TANKS

Do you want to make a presentation on the Mukilteo pier project?

General MYERS. Yes. I would like to say as a preface that I would like to correct my previous statement that the criterion we had established was about 4,000 feet for security and safety purposes. That is not correct. The established dispersal is 1,500 feet, the same as we established for the aircraft. As I said before, we have not been able to disperse these tanks yet. We have not adhered to that criterion due to the cost considerations involved. We have placed the tanks much closer together.

If the committee pleases, I believe Colonel Logan can present the situation with regard to Mukilteo and answer the questions that the committee previously asked that I was unable to answer.

Mr. RILEY. Even if you dispersed these tanks 1,500 feet, Colonel Logan, would you not have to have a wall, a fire wall or something, to hold the fuel?

Colonel LOGAN. That is correct. In the standard design the fire banks or the wall there around the tank, is built to take a certain percentage of the fuel in your tank. The engineers had set up a 125-percent requirement. Industry had a hundred-percent requirement, and has within the last year lowered that to 90 percent of the entire capacity of the tank. The engineers have agreed with us that there should be a 100-percent area in our fire walls to take the liquid that would come out of the tanks. These tanks at Mukilteo have besides a dirt wall, the standard practice, a 10-foot concrete dike around them. They are set up to take 100-percent capacity of the tanks.

General MYERS. There is a distinction between blast walls that we referred to this morning and these dikes or walls that are merely containers.

Colonel LOGAN. These are not blast walls at all. They are built primarily so that if a bottom falls out or disintegrates, the fuel would come out into that area instead of slopping over into the surrounding country.

Mr. RILEY. The earthen banks are about 10 feet high?

Colonel LOGAN. Yes.

Mr. RILEY. How high are the tanks?

Colonel LOGAN. Forty feet high and 120 feet in diameter. Normally, out in the field and in industry most of your fire banks are 4 or 5 feet high, and they are of dirt.

Mr. RILEY. And those dikes have a capacity of holding the entire liquid content of the tanks.

Colonel LOGAN. That is correct.

Mr. RILEY. That would be considerable protection in the case of a hit by a missile?

Colonel LOGAN. Yes.

Mr. DONNELLY. Colonel Logan, as shown by this document of April 3, 1951, is the officer who made the decision on behalf of the Air Force to go ahead with the construction, notwithstanding the objections of the Corps of Engineers to the plan.

Colonel LOGAN. That is right.

Mr. DONNELLY. I wonder if it would be helpful for us to take up each of these objections of the Corps of Engineers stated in this document, and get Colonel Logan's views with respect to them?

Mr. RILEY. The committee would be glad to have your observations, Colonel Logan.

Colonel LOGAN. This is the preliminary review of the Air Force storage installation at Mukilteo?

Mr. DONNELLY. Yes.

LOADING OF RAILROAD TANK CARS ON THE DOCK

Colonel LOGAN. Under paragraph 3 there is the following:

The approved lay-out meets minimum commercial standards; however, several features are not in accordance with best commercial practice.

(*a*) Congestion of area requires loading of railroad tank cars on the dock. This is done in some existing commercial installations, but Union Oil Co. specialists stated they would not recommend it in new construction.

Mr. RILEY. Are the railroad tank cars loaded and put on boats?

Colonel LOGAN. No. They are loaded to be shipped to possibly other Air Force stations.

Mr. RILEY. They are loaded at the same point that you load the tankers?

Colonel LOGAN. They are loaded right out here at the dock area [indicating at the map]. I do not know whether there is an area in here or not [indicating]. That is not against normal commercial practice. I have seen many tankers loaded on both the dock and the loading racks alongside your tanks.

CAPACITY OF TANKS

Mr. RILEY. What is the capacity of the tanks?

Colonel LOGAN. About 10,000 gallons. That is the normal tank-car capacity. There are eight tanks here, 80,000 barrels, and two of them 55,000 barrels, giving approximately 750,000 barrels capacity.

Mr. RILEY. How many gallons would that be?

Colonel LOGAN. About 3,250,000.

Mr. RILEY. In each tank?

Colonel LOGAN. Yes.

They are going to 150,000 barrels at times in tanks. We can get two T–2 tankers there at one time. That means one here and one here [indicating].

SPACING OF TANKS

Mr. DONNELLY. You just stated that the way these were spaced they were in accordance with commercial practice, but the objection here is it is not in accordance with commercial practice for new construction.

Colonel LOGAN. I cannot quite agree with the statement there because your new construction depends entirely upon the circumstances of the site. At this particular spot we have Government-owned land and wharves, and by staying within the criteria which the engineers had issued, or which industry is using, we were able to fit this installation into this particular spot, which meant that we used Government land which had already been paid for and was standing there idle.

Mr. RILEY. What about the tank spacing?

Colonel LOGAN. 283 feet.

Mr. RILEY. What would be the clearance?

Colonel LOGAN. 155 feet from face to face. The Engineers' regulations called for approximately the diameter of the tank distance from center to center. In other words, on this particular tank you would have approximately 200 feet from center to center with a 4-foot fire bank. The height of the bank depends upon the capacity of the tank. I think it is about 200 feet, center to center. We have 285 feet, center to center, with a 10-foot fire bank, which gives us quite a safety factor.

Mr. RILEY. That is 165 feet from surface to surface. Even with a minor accident it would be vulnerable.

Colonel LOGAN. That is normal. At the refineries one of the first things that the firemen do is to set up stations and play water on all the surrounding tanks to keep them cool, and at the same time they will draw the liquid out of the tank that is burning. They will drop that liquid down. That is one reason why the industry figures 90 percent as plenty capacity for the fire banks. Nearby there would probably be an empty tank. They would drain half the capacity of the burning tank into the empty tank. That is not too close. I have seen tanks 50 feet apart burning and you would save the tanks alongside.

Mr. RILEY. Do you have an adequate supply of water there?

Colonel LOGAN. Yes. Our fire system has a very stringent regulation for the protection of these tanks. They usually have a 4- or 6-inch line with outlets at approximately every 300 feet. There is usually a fire pumper available on all these stations with the foamite and the other fire retardents that we use.

PROTECTION OF TANKS IN CASE OF BOMBING

Mr. RILEY. What would be your opinion of our ability to protect those tanks in case a bomb should be dropped on them which would scatter the oil everywhere?

Colonel LOGAN. It would be pretty hard for them to come down a line. They could get one or two. I frankly do not think that they are going to take a little spot like that when you have the Boeing

plant down below us, and 300 miles farther they have these big refineries. They know that we have 750,000 barrels there, which will last us 15 days, probably, so why should they waste their firepower on a small item like that when they have the Boeing plant and the others down below? Besides, we have fighter protection within miles of there.

This is a personal opinion—I thought we had picked a darned fine spot for the station there. I was quite surprised at the report that came in against it.

Mr. RILEY. We are willing to learn.

CORPS OF ENGINEERS MANUAL ON SPACING OF TANKS

Mr. FURCOLO. You mentioned in part of your testimony about the regulations that called for twice the diameter, or so many feet. What regulations?

Mr. FEGAN. In a manual published by the Corps of Engineers.

Mr. FURCOLO. The regulations of the Army Corps of Engineers?

Mr. FEGAN. No. It is a manual issued by the Corps of Engineers for guidance in construction for the regional and district engineers.

Mr. FURCOLO. Does it have any official sanction of any kind?

Mr. FEGAN. It has the official sanction of the Corps of Engineers.

Mr. FURCOLO. Can you tell me offhand what the private commercial interests do? Do they go by the same sort of standards?

Colonel LOGAN. No. They try to keep at least one diameter apart, but if the area is crowded I have seen them where they have had walkways from one tank to another.

Mr. FURCOLO. I understood from the general tenor of this letter that you are discussing that apparently the commercial standards are not quite as strict as the military standards. Do you agree with that?

Colonel LOGAN. That is absolutely correct.

Mr. RILEY. The Army engineers do not agree with you altogether on the set-up out there with respect to safety and so forth?

Colonel LOGAN. As far as I can understand they did not physically—the Army engineers.

Mr. RILEY. They just passed the buck to you?

Colonel LOGAN. I am perfectly willing to take it because it is my honest opinion it is an excellent spot for this terminal.

Mr. RILEY. You think it is reasonably safe with the tanks so close together?

Colonel LOGAN. I am perfectly satisfied with the layout and the location of that station there.

ATTITUDE OF AIR FORCE AND CORPS OF ENGINEERS ON DESIRABILITY AND SUITABILITY OF LOCATION

Mr. DONNELLY. Your testimony now seems to be at direct variance with paragraph 4, page 2. You are cited in that paragraph. Would you mind reading that and reconciling it with your previous testimony?

Colonel LOGAN (reading):

Air Force representative (Col. George Logan) at the preliminary conference of April 2, 1951, did not wish to delay approval of the enclosed plan for a comparative study at this time due to the following:

The reason I did not, was that I did not think that the study of the position he mentioned would be any better than the one we had, and I figured we were in such a hurry to get supplies of fuel to that point that it was just a case of whether his judgment was as good as our judgment, and the other men who were with me at the time. Colonel Clarke and Mr. Murr were with me.

Mr. DONNELLY. Would you look at the first sentence of that paragraph:

Air Force representatives recognize that the approved lay-out is not the most desirable one.

Colonel LOGAN. I do not know who made that. I do not know what Air Force representative did that. Mr. Murr and Captain Simmons worked on this program for at least a year before I got in on it, and in talking to Mr. Murr he indicated there was never any doubt in his mind as to the desirability of that site. Who the Air Force representatives were who disagreed, or did not feel it was a desirable spot, I do not know.

Mr. DONNELLY. Do you agree with the comment in the second sentence:

One comment was made that we are placing a 50-acre installation on an 18-acre tract.

Colonel LOGAN. That is not an 18-acre tract, by any means. If it were an 18-acre tract, in agreeing with our standards, both with the engineers and industry, I do not see, since our desire in the zone of the interior was to not disperse it, why we should take 50 acres when 18 acres would do it. In other words, why use 50 acres when 18 acres would do for such an installation; why pay for 50 acres when 18 acres would do the job?

Mr. DONNELLY. This memorandum indicates that the 50 acres were needed instead of the 18. Let us look at the third sentence:

The original concept of this installation called for its construction on the plateau inland from the dock south or southeast.

Colonel LOGAN. I never heard anyone say anything about that. Colonel Clarke is here.

Colonel CLARKE. No, sir. The way that is written there, the subject of going inland came in later in the discussion about the siting.

Colonel LOGAN. As far as I am concerned, I heard nothing about that at all.

Mr. DONNELLY. Do you know who attended this conference that is referred to in this paragraph? Captain Simmons is singled out as one.

Colonel LOGAN. No. That was before my time. At this particular time I was with AMC. That was before I came to headquarters, Perhaps Colonel Clarke could indicate who he was.

Colonel CLARKE. Captain Simmons and Mr. Murr and myself.

Mr. DONNELLY. Will you identify Mr. Murr by his full name and title?

Colonel CLARKE. I do not know what his full name is.

Colonel LOGAN. I think his initials are W. E.

Mr. DONNELLY. It is Edgar W. Murr, Headquarters, Air Matériel Command.

General MYERS. I can identify the gentleman. He is the petroleum storage expert at the Air Matériel Command; a civilian who had the

prime responsibility for the technical location of the facilities in the fuel-storage program.

Mr. DONNELLY. After you did get into it, Colonel Logan, were you aware of the content of the fourth sentence which reads:

> From study of topographic, photo and real-estate maps, enclosures 2, 3, and 4, it appears that suitable location could be found at an elevation of 300 to 500 feet and at a distance of one-half mile.

Colonel LOGAN. Not that I recall. I know the area because it backs up the present site. I do not recall that entering into it, but even if it had come into it that would have required considerably more equipment to operate it. Your pumps would have to be considerably large, your lines and everything else, and the land would have to be purchased too.

Mr. DONNELLY. On the preceding page at the very bottom in paragraph 3 we find in the second sentence:

> In addition to incorporating the above disadvantages from the commercial viewpoint, it does not appear to be suitable for a military installation vital to the operation of the Air Force.

Was that opinion of the Corps of Engineers ever made known to yourself?

Colonel LOGAN. I knew that they had some objections, but it was his own personal opinion with which I did not agree.

Mr. DONNELLY. Were you aware of his objections at that time?

Colonel LOGAN. I was aware of some of them; yes.

Mr. DONNELLY. Were you aware of the five objections that are here in subparagraphs a, b, c, d, and e?

Colonel LOGAN. Not particularly; no.

Mr. DONNELLY. Did he raise them to you?

Colonel LOGAN. I would say that he probably did not. He may have or he may not have. I do not recall. If he had done so, I would have disagreed with him at that time.

Mr. DONNELLY. We find Colonel Lipscomb's judgment is crystallized in paragraph No. 5 on page 2. He says:

> As representatives of NPD and therefore also for OCE, I could not approve the lay-out furnished as sound military engineering.

Do you agree with that opinion?

Colonel LOGAN. No.

Mr. DONNELLY. Did you agree with it at that time?

Colonel LOGAN. No. If he made the statement, I did not agree with him.

Mr. DONNELLY. Did Colonel Lipscomb, ask you, as the Air Force representative, to furnish a statement for the Air Force liaison officer, or headquarters USAF in Washington, stating that commercial standards would be satisfactory to this installation?

Colonel LOGAN. No; but he may have asked that later. I will have to call on Colonel Clarke.

Colonel CLARKE. He asked me that, and I told him it was not my prerogative to give him any such letter, and if he felt he needed such a letter he could go through channels and get it. That is my only answer to it.

Mr. DONNELLY. Let us take a look at "through channels."

The next document is dated April 6, 1951, and that is the first endorsement to Colonel Lipscomb's memorandum, and is a document

from his superior, Brigadier General Walsh, the division engineer of the North Pacific division, to the Chief of Engineers in Washington, and we find in paragraph 3 the following:

Because of the congested lay-out of this critical installation and its deviation from both minimum commercial as well as military engineering standards, this report is submitted for your information and such action as is deemed appropriate.

Now, do you agree with the view, Colonel Logan?

Colonel LOGAN. No; because that is the same statement that he has made all the way through, which I have disagreed with continuously.

Mr. DONNELLY. This is General Walsh now making the statement.

Colonel LOGAN. No; I cannot agree with it. That is my personal opinion, of course.

Mr. DONNELLY. We find further in this chain the next document, which is a memorandum of April 5, 1951, to the district engineer, from H. N. Walker, Chief, Technical Engineering Branch, acting by direction of the division engineer, the following in the last paragraph, No. 3:

Colonel Lipscomb has written a letter to General Walsh, concerning the tactical hazard evident in the plans as now accepted by the Air Force and OCE. A copy of this letter and North Pacific division endorsement to OCE is being forwarded to your office. It is understood that any approval given at this time is contingent upon further consideration of the layout by USAF and OCE due to Colonel Lipscomb's letter, but the work of the AE and procurement of Government-furnished items shall proceed on the basis of the preliminary plans presented.

So, as Colonel Clarke has suggested, Colonel Lipscomb took it up through channels.

Colonel CLARKE. That is right.

Mr. DONNELLY. I take it in due course it reached Washington.

Colonel CLARKE. That is the basis upon which Mr. Walker wrote that paragraph.

Mr. DONNELLY. Did the Director of Installations here in Washington have occasion to pass upon this?

General MYERS. As far as I know, we did not.

Colonel LOGAN. That is right.

General MYERS. This is the first time I have seen the letter. As far as I know, we did not receive it.

Mr. DONNELLY. That seems to exhaust the Air Force's side of the story.

Now, General Hardin, do you want to make comments with respect to this situation?

General HARDIN. Our files indicate that the endorsement from the district engineer, dated April 6, was acted upon by advising our North Pacific division by telephone that the Chief of Engineers' Office did not desire to make any further comment in view of the Air Force's decision to proceed with the design as approved at the meeting in Seattle, at which representatives of the USAF were present. I cannot see anything wrong with that attitude.

I would like to mention this—from a purely military-engineering standpoint. I must say that I think it is a congested site. That is from a military-engineering standpoint. If I had any course open to me I would avoid that degree of congestion, thinking in terms of a hazard from enemy action. I might add this off the record:

Mr. RILEY. You may go off the record.

(Discussion off the record.)

OPINION OF CORPS OF ENGINEERS ON DISPERSAL OF ZONE OF INTERIOR INSTALLATIONS

Mr. DONNELLY. General Hardin, would you care to comment with respect to this marked difference of opinion between the Air Force, as the using service, and the Corps of Engineers as the construction service?

General HARDIN. Yes. I think the correspondence that we have before us indicates a difference of attitude as between a military-engineering risk, which is comparable to the risk when we evaluate for a theater of operations, and the concept of a zone of the interior installation. The latter, apparently, is the Air Force attitude. I would like to add that in connection with all aspects of the military-construction program in the United States, both Air and Army, there is no provision made for dispersion against the effects of enemy action. There is dispersion incorporated in various storage projects, such as ordnance and the storage of fuels, but not against the requirements of enemy action alone.

In this case we did not see fit to take the matter up with the Installation Division at Headquarters, USAF, because we felt the Air Force had made a decision after consideration of all aspects of the matter from the field viewpoint and the decision was properly theirs.

Mr. RILEY. General, who makes the decision—at what level—as to whether or not you should have at least limited dispersal in the zone of interior?

General HARDIN. That is, from the standpoint of the Army, a staff decision which would come from various elements of the General Staff and would, of course, be a decision for the Chief of Staff.

Mr. RILEY. It would go as high as the Chief of Staff?

General HARDIN. That would be the normal course of action. I do not know of any document or publication offhand which denies that in the current program. I might investigate that, but I know we make no provision for it in our estimating or in our planning.

Mr. RILEY. Have the engineers ever made such a recommendation since this country has become vulnerable to enemy bombers?

General HARDIN. To my personal recollection, I have no definite feeling about it, Mr. Chairman. I do recall that we initiated certain Air Force construction at the beginning of World War II in the United States on that basis, dispersal areas for planes. We even spent some money in building bunkers for the planes, immediately after Pearl Harbor. But those camouflage efforts were soon dropped and we were directed not to incorporate those features in construction in the zone of interior after a rather early date after Pearl Harbor.

Mr. RILEY. At least in theory it is generally considered that we are vulnerable to attack by an enemy that has proper equipment and facilities at the present time. And that is something that we have never had to face before, is not that right?

General HARDIN. Yes, sir; that is very true.

Mr. RILEY. And that is proven by the fact that we have set up interceptor bases all over the industrial areas of the United States?

General HARDIN. It is generally recognized that our industrial development has not been too wisely planned, and I can recall as much as a year ago there was a governmental advice issued to industry which encouraged them to expand their facilities on the basis of dis-

persal rather than in the same area that they had been building in before.

Mr. RILEY. Would not that same theory hold true even as to a minor installation to a certain extent?

General HARDIN. Mr. Chairman, I am not an authority on the Air Force bombing techniques, but I think it is only proper to recall that weapons have materially changed and you are endeavoring here to gain dispersal against a different type of weapon than we were considering in previous days when a 1,000-pound block buster was about the most serious weapon that you had to contend with.

COST OF PIPELINES

Mr. RILEY. Mr. Fegan, I asked a question this morning as to what would be the cost per lineal foot for pipe to transport gasoline. I understand it is special steel pipe, welded together or with a special sleeve on it. I was wondering what the cost would be per foot or per yard.

Mr. FEGAN. That is a pretty hard question to answer, Mr. Chairman. It depends on the size of the pipe and, in addition to the pipe itself, in order to make an operable system, you have to have a lot of other equipment such as pumps, and so forth.

Mr. RILEY. The commercial companies are running a great deal of that kind of pipe and I believe it was said that 6- or 8-inch pipe would probably be used from these tanks?

Mr. FEGAN. I would say it would be between 8 and 10 inches. You see, our design is based on the discharge from the T–2 tanker, which would be about 8,000 barrels an hour.

Mr. RILEY. How large a pipe would be necessary?

Mr. FEGAN. That would take about a 12-inch pipe approximately. Of course, in the transfer from the dock, normally it would be to storage close to the dock and then from that storage at the dock, on up into the interior—if that is what you had in mind?

Mr. RILEY. Yes. What would be the cost?

Mr. FEGAN. As a guess I would say a 12-inch line would run close to $10 a foot.

Mr. RILEY. What would be the cost?

Mr. FEGAN. About $10 a foot.

Colonel LOGAN. I am afraid you are low on that.

Mr. FEGAN. Well, that is just a guess.

Mr. RILEY. We would like to have an approximate idea.

Mr. FEGAN. I think we can get those figures for you from some of our cost estimates.

Colonel LOGAN. Mr. Chairman, we used to figure about a dollar per inch.

Mr. RILEY. That would be $12 a foot.

Colonel LOGAN. That is a rough estimate.

Mr. RILEY. With all these mechanical ditch diggers, and so forth——

Colonel LOGAN. The cost has gone up a bit.

Mr. RILEY. Do you think it will run as much as $15 a foot?

Colonel LOGAN. I would, yes.

Mr. FURCOLO. Do you have any estimates from companies that are engaged in digging to install pipe for natural gas, which is going on all over the country?

Colonel LOGAN. The figure I gave was particularly for this area of the country around here, the east-coast area.

Mr. FURCOLO. Is it a similar or comparable operation?

Colonel LOGAN. Yes, sir.

POLICY OF MILITARY ON USE OF PIPELINES

Mr. FURCOLO. While we are on that general topic, I would like to inquire, is there any established policy in a situation like this to determine whether there shall be pipelines in preference to establishing facilities at the dock or near the dock? I gather from the discussion that there does not seem to be any fixed policy and I am wondering whether that is so. In other words, other things being equal, do the authorities prefer pipelines, or not? Is there any policy on that?

Colonel LOGAN. You mean for distant hauling?

Mr. FURCOLO. In a situation like this. I gathered from some of the questions asked by members on this side of the table that there was some question in their minds concerning the desirability of having pipelines, or the desirability of having that question explored. There was the thought that it might have been cheaper in this instance and I am wondering whether there is any policy on the part of the military concerning that.

Colonel LOGAN. Yes, the military is using pipeline where it is possible, but where they can get water shipment by tanker, that is cheaper. In this particular spot, where they have the combination of taking care of the local areas and reshipping—that is, they are bringing it in and reshipping it, so that they would put small tanks right at the water edge and then put a tank away back, then you would have to pump into it and then pump back into the tanks.

Mr. FURCOLO. In other words, other things being equal, if you had the choice of these two ways, you would prefer not to have the pipeline, is that it?

Colonel LOGAN. No, sir; it is a question of economics entirely. If it is cheaper to use the pipeline, we will use the pipeline. If it is cheaper to use the boats, we will use the boats.

Mr. FURCOLO. In other words, the deciding factor is the economic one?

Colonel LOGAN. That is right.

Mr. FEGAN. There is also the strategic point. This particular location not only unloads tankers and puts the oil into the tanks, it also outloads tankers to these various other points, such as Alaska. In addition to that it loads tank cars and tank trucks to go to nearby installations.

Mr. FURCOLO. Who makes the final decision, assuming that economically it would be on the side of the tanker at the dock while strategically it might be on the side of the pipeline? Who makes the final decision if one is made?

Mr. FEGAN. Of course, the Air Force would make that.

General MYERS. We do. Of course, we have a combination of things, in our strategic storage or storage for shipment overseas and storage to serve the bases in the zone of interior, where both types must be had. Of course, where you are going to ship overseas, you want your storage located at a dock, at a water terminal. Likewise it is possible to serve the central part of the United States, to locate some of this storage on the Mississippi.

Mr. FEGAN. It has already been located there.

General MYERS. It has already been located there. In other cases, as for instance in Florida, it is located on the water. That is also true of New England. In other places we have had to locate it inland and serve it by rail.

REASONS FOR NOT CONSIDERING INLAND LOCATION OF INSTALLATION

Mr. FURCOLO. With reference to this particular place, was the possibility of a pipeline explored?

General MYERS. I think not, sir. I think this is considered an ideal spot, an ideal location.

Mr. FURCOLO. What I was referring to was that the distance from the dock inland to this other location was about a half a mile or a mile. Was the possibility of a pipeline to that spot explored?

Colonel LOGAN. As I said, it was not explored. It was thrown out as not being a good solution. It would be more expensive, although not terrifically more expensive. But it would have required land acquisition, it would have required pumping station or stations and a line that was not required here at this dockside.

Mr. FEGAN. Probably two lines.

Mr. DAVIS. There is a statement in this memorandum that Captain Simmons at the criteria conference stated that only a site at the water's edge should be considered. That was the end of any consideration of an inland site.

General MYERS. That is right. Captain Simmons was an Air Force officer who was until recently in our office and when Colonel Logan came in, he came under Colonel Logan.

MOUNTAIN HOME AIR FORCE BASE, IDAHO

OBLIGATION OF FUNDS DURING JUNE 1951

Mr. DONNELLY. Mr. Chairman, we next have an illustration of two things. One is the obligation of funds in the month of June, toward the close of the fiscal year. The second point here is the negotiated change order in the amount of 100 percent of the contract. May this be placed in the record at this point?

Mr. FURCOLO. Without objection, it will be placed in the record at this point.

(The matter referred to is as follows:)

MOUNTAIN HOME AIR FORCE BASE, IDAHO

On June 4, 1951, a representative of Military Air Transport Service (MATS) called a representative of the Walla Walla district of the corps and inquired as to the amount of funds that could be obligated by June 30, 1951, for rehabilitation work at this base. The MATS representative was advised that $300,000 could be obligated by June 30, 1951. By letter dated June 5, 1951, the North Pacific division office advised the district office of the scope of the additional work desired.

By letter dated June 21, 1951, the office of the Chief of Engineers authorized an expenditure of $922,000 at this base and stated in the letter: "Funds must be obligated by 30 June 1951." It will be seen that this authorization exceeded by $622,000, or three times the amount which the district office had advised MATS they could obligate at this base by June 30, 1951.

Faced with these instructions, the entire amount was obligated by increasing the work under existing contracts through negotiating change orders without the benefit of completed plans and specifications. The largest of these negotiated change orders was in the amount of $628,850 which was added to an existing contract in the amount of $668,608. Some indication of the pressure on the dis-

trict office to obligate the funds is reflected by the following excerpt from a report on the negotiations dated June 30, 1951, in referring to the specifications prepared for this work:

"The specifications were merely an outline of the type of system desired and required the contractor, among other things, to design the entire layout. This information was transmitted to the contractor that afternoon with an urgent request to prepare an immediate estimate in order that the cost of the over-all additional proposed work might be ascertained."

It is to be noted that the district engineer was required to make findings of fact in justification of the change order as required by section 2 (c) (1) of the Armed Services Procurement Act of 1947 and Presidential Proclamation 2914. In making these findings, the district engineer made no reference to the haste to obligate the funds by June 30, but on the contrary limited his determinations to the undesirability of the usual delays incidental to the preparation of plans and specifications and processing of a separate contract, and the difficulty of having two contractors working in the same vicinity. In its finding of fact, the district engineer points out that a through inspection or tests had not been made of the buildings, heating systems, and plumbing systems at the time of the negotiation of the original contract.

CHRONOLOGY OF FACTS ON OBLIGATION OF FUNDS DURING JUNE 1951

Mr. DONNELLY. Mr. Chairman, I would like, if I may, to develop the chronology of the facts as stated in this summary. I have as the next document a letter of the Engineer Corps dated June 21, 1951, authorizing the expenditure of $922,000. May this be inserted in the record?

Mr. FURCOLO. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D. C., June 21, 1951.

Job No. Mountain Home AFB RUA51–1C

Subject: Authorization—Mountain Home Air Force Base, Idaho—Increase in Funds for Rehabilitation Project.

To: Division Engineer, North Pacific Division, Portland 5, Oreg.

1. (*a*) Job location: Mountain Home Air Force Base, Idaho; (*b*) Supervision by: District Engineer, Walla Walla, Wash.

2. Description of authorization: Increase in funds incidental to following increased scope:

(1) Rehabilitation of 20 bachelor officer quarters buildings.
(2) Paint interior office administration buildings.
(3) Rehabilitation 33 barracks buildings.
(4) Rehabilitation 12 office and administration buildings.
(5) Rehabilitation water supply system.
(6) Surface parking areas.

3. Funds:

(*a*) Source: Project 459, fiscal year 1951, to be made available by MATS.
(*b*) Authorized expenditure: $922,000.
(*c*) Total authorized expenditure to date not to be exceeded (P–459, P–479): $3,097,000.
(*d*) Funds must be obligated by June 30, 1951.

By order of the Chief of Engineers:

J. A. DOWNS,
Assistant, Construction Operations Division, Military Construction.

Certified for the fiscal officer by:

_____ _____.
(Initials illegible.)

Mr. DONNELLY. The next document is a telegram which I would like General Hardin to decipher for us, if he will; and I ask that it be inserted in the record at this point.

Mr. FURCOLO. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

JUN 51.

Mountain Home AFB RUA 51 DASHIE.
From: ENGNG 2374 Re Rehab project Mountain Home AFB PD.

COFENGRS, DEPT. OF ARMY,, *Washington, D. C.:*
North Pacific Div. Engr. Portland, Oreg.:
Seattle Dist. Engr., Seattle, Wash.:

Confirm telecon 27 June authd P459 funds increased by 922,000 dlrs to total of 3,080,000 dlrs pd total authd P479 funds 85,000 dlrs remain unchanged pd funds must be obligated by 30 June 1951 and will be made aval by mats pd indicated totals will not be exceeded.

Certified for the fiscal officer by:

M. K. MILLARD
(For A. H. Bagnulo, (AF)),
Lt. Col., Corps of Engrs.,
Deputy Chief Constr. Oper. Div. Mil Constr.

Mr. DONNELLY. Would you read that for us, General? Give us the date, at the outset.

General HARDIN. This is dated June 28, 1951 at 16:50 Z time, from the Chief of Engineers, Department of the Army, Washington, D. C., to the North Pacific division engineer, Portland, Oreg. The Seattle district engineer, Seattle, Wash.

Subject: Mountain Home Air Force Base. Symbol RUA 51–1E.

From ENGMG 2374 (that is a symbol of the office sending the message) regarding rehabilitation project Mountain Home Air Force Base.

Confirming telephone conversation of June 27 authorized P459 funds increased by $922,000 to total of $3,080,000. Total authorized P479 funds $85,000 remain unchanged. Funds must be obligated by June 30, 1951, and will be made available by MATS (that is, Military Air Transport Service). Indicated totals will not be exceeded.

Mr. DONNELLY. General, what is P459 and P479? Are those public law designations?

General MYERS. Those are budget project funds for maintenance and operation, what we call in the budget set-up operational items. The 5 designates that they are rehabilitation funds for operational facilities or for operational commands, really. Four hundred and seventy-nine refers to medical facilities.

REPORT ON NEGOTIATIONS WITH CONTRACTOR FOR EXTRA WORK UNDER CONTRACT

Mr. DONNELLY. Mr. Chairman, the next item we have here is an explanation of all these things and I would like to ask that that be inserted in the record at this point.

Mr. FURCOLO. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

JUNE 30, 1951.

Mail and records
Chief, Construction Division
Subject: Report on negotiations with contractor for extra work under Contract No. DA–45–164–eng–1136—Rehabilitation of 229 buildings—Mountain Home Air Force Base, Mountain Home, Idaho

1. Mr. F. A. Spencer, project engineer, arrived at Mountain Home Air Force Base, June 12, 1951, and prepared an outline dated June 13, 1951, covering pro-

posed additional work to be performed under Contract DA–45–164–eng–1136. The extra work involved included the following items under Directive NPD Mountain Home AFB RUA 51–2, dated June 5, 1951:

(a) Project MATS 51–D–141–Moun. (except item 5, heating system).
(b) Project MATS 51–D–142–Moun.
(c) Project MATS 51–D–143–Moun.
(d) Project MATS 51–D–144–Moun.

2. Particulars concerning the work involved were transmitted to Mr. E. F. Matelich, project manager for the contractor Wise & Terteling, June 15, 1951, with a request for a proposal to be submitted at the earliest possible date. A partial estimate was submitted by the contractor the following Monday, June 18, 1951, covering rehabilitation work to the EM barracks and BOQ's only, with a request for immediate approval and authorization to proceed in order to avoid delay in work already under way in these buildings. Mr. Matelich was advised by the resident engineer that the cost of the over-all additional program would have to be ascertained first before any individual phase of it could be approved separately and furthermore that a complete breakdown of his proposal would have to be submitted to the district office for checking with the Government fair-cost estimate. He was also informed that since the work was being done under a negotiated contract the final negotiations on the extra work would have to be made in the district office. and that any work done at the job site could only be considered preliminary thereto.

3. Mr. Tom Marrs, heating inspector, who had arrived at the air base June 13, 1951, for the purpose of making a thorough inspection of all mechanical installations in the buildings being rehabilitated to determine what major mechanical repairs were necessary, completed the survey on June 20, 1951. The specifications for the major mechanical work, which were an authorized extra under the original contract, were submitted to the contractor for an estimate of cost, also.

4. Specifications for the proposed heating requirements for the BOQ's consisting of a central heating plant for each of the 500 and 700 blocks was received from the district office on Thursday, June 21, 1951. The specifications were merely an outline of the type of system desired and required the contractor, among other things, to design the entire lay-out. This information was transmitted to the contractor that afternoon with an urgent request to prepare an immediate estimate in order that the cost of the over-all additional proposed work might be ascertained.

5. An estimate in the amount of $613,303 covering all proposed work except the heating for the 500 and 700 block BOQ's and the major mechanical repairs was submitted by the contractor Saturday morning, June 23, 1951. About 4:30 p. m. that day Mr. Paul Wise, president of J. H. Wise & Son., accompanied by Mr. Matelich and Mr. Paul Varner, engineer, called on the resident engineer regarding the proposed heating plan for the BOQ's. Mr. Wise stated that their heating subcontractor, Nu-Way Engineering Co., had submitted a proposal of $319,000 for the two central heating plants and all other heating work for the 500 and 700 block BOQ's. He pointed out that this price did not include the cost of constructing the two boiler houses or the prime contractor's profit, which, when added, would bring the total figure to somewhere in the neighborhood of $400,000. He said he realized that this price was far greater than the Corps of Engineers had anticipated, which prompted him calling the matter to our attention before continuing work on preparation of a formal estimate. Mr. Spencer, project engineer, was present at the time and it was agreed that since the cost of the heating was more than double the amount anticipated, and since the time for revising the design was so short, it would be necessary to take immediate steps to arrive at some feasible heating lay-out, the cost of which might come within the available funds.

6. The resident engineer then telephoned Lt. Col. R. W. Fuller, air installations officer, and Lt. Col. M. K. Downes, liaison officer MATS headquarters, to inform them of the situation regarding the heating and requested that they meet with representatives of the contractors and the resident engineer's office at Building T–508 immediately to ascertain what steps might be taken to solve the situation. After examination of the typical building by all concerned, it was agreed that oil-fired warm-air furnaces would be the most feasible solution, provided authority could be obtained for the installation of the oil furnaces. It was further decided that two 300,000 B. t. u. furnaces would be installed in each building with a furnace to be located at the central point in each wing with overhead ducts to supply one-half of the structure, and that the existing coal-fired space heater in the latrine would remain. The contractor was requested to prepare rough plans and submit an estimate of cost of this lay-out not later than Monday.

Lieutenant Colonel Downes stated that he would take the necessary action to obtain authorization for use of oil heat.

7. The following day the resident engineer accompanied by Mr. F. A. Spencer and Mr. Glenn Frizzell, assistant resident engineer, Mr. Matelich and Mr. Varner, made a building-by-building check of the proposed additional rehabilitation work, except for the BOQ heating, in nearly all buildings involved. As a result of this inspection, numerous instances of duplication and unnecessary work were discovered which were deleted. In addition, numerous other unessential items which could be deleted in the event of a shortage of funds were determined and a tentative system of priorities for their elimination was established, if found necessary.

8. On Monday, June 25, 1951, before the contractor had completed his estimate of the BOQ heating based on discussions of the previous Saturday, Lieutenant Colonel Downes received instruction from MATS Headquarters, Washington, D. C., that oil heat could not be approved and specifying the use of stoker feed coal-fired warm-air furnaces. This information was immediately transmitted to the contractor with a request to revise his estimate accordingly. The contractor submitted a verbal quotation covering all proposed changes to date, late that afternoon. The BOQ heating estimate was $9,500 per building. A recapitulation of the cost of the various features of work revealed that there were more than sufficient funds to do all the work planned including the heating of one block of BOQ's, but also, that there were insufficient funds to install heating in both blocks of BOQ's.

9. Lieutenant Colonel Fuller, A. I. O. Officer, and Lieutenant Colonel Downes were informed of this situation by the resident engineer, whereupon it was tentatively agreed that a complete rehabilitation job including wall lining, painting, and heating system would be installed in the 700 block BOQ's, and further that the lining and heating would be deleted from the 500 block of BOQ's. With this in mind, it appeared that there might be $35,000 or $40,000 of funds unobligated.

10. The following day, Lieutenant Colonel Fuller and Lieutenant Colonel Downes submitted a request for additional rehabilitation work in a small group of buildings in the 200 block to provide training facilities for the Air Resupply and Communications Wing. They asked that the base perimeter fence be rehabilitated if sufficient funds were available. The contractor was requested to make an estimate on both of these items of work, which he did and submitted together with estimates of all other proposals on June 26, 1951.

11. The following day, June 27, 1951, Messrs. Paul Wise, E. F. Matelich, Paul Warner, and J. E. Hill for the contractor, accompanied by Mr. F. A. Spencer, project engineer, Engineering Division, Mr. L. G. Estey, resident engineer, Mountain Home AFB, together with Lt. Col. R. N. Anderson, Mr. Van Baldwin, Maj. S. W. Dragnich, USAF representative, Messrs. William B. Watson, S. C. Guess, Tom K. Brown, B. W. Molle of the district office, began a series of conferences at 3 p. m. concerned with and leading up to the final negotiation of prices for the additional work. The first conference, which lasted until 5 p. m., was concerned with correlating plans and specifications and with time schedules. The conversations were resumed at 6:30 p. m. at which time the unit prices submitted by the contractor were taken up item by item. At 11 p. m. the talks were suspended until the following morning. The team of estimators who had prepared the Government estimate continued to check the contractor's proposal. A number of minor adjustments were made with the over-all figure remaining relatively at the same amount as submitted by the contractor.

12. At 7:30 a. m. on June 28, 1951, the third conference with the contractor's representative was held. Messrs. W. C. Foss and George Grant were additional representatives of the contractor at this meeting. At 11 a. m. an agreement had been reached and the contractor was given a letter requesting that he proceed with the rehabilitation work.

GOVERNMENT NEGOTIATOR,
WILLIAM B. WATSON,
Chief, Construction Division.
S. C. GUESS,
Chief, Eastern Construction Area.
LEONARD G. ESTEY,
Resident Engineer, Mountain Home AFB.
F. A. SPENCER,
Project Engineer, Mountain Home AFB.

Approved:

W. H. MILLS,
Colonel, Corps of Engineers, District Engineer.

General HARDIN. Mr. Chairman, could we have cleared up what kind of funds these are? Are they year funds or no-year funds?

Mr. STANLEY. They are fiscal funds.

General MYERS. Year-end funds.

TELEGRAM AUTHORIZING INCREASE OF OBLIGATIONS UNDER CONTRACT

Mr. DONNELLY. The last document in this series is another telegram dated July 2, 1951. I wonder if General Hardin would oblige us by translating this one for us.

General HARDIN. This is a joint message form telegram dated 3:50 p. m., July 2, 1951, from the North Pacific division to the district engineer, Walla Walla district, Walla Walla, Wash.

From MPDKM, 35–7. This is the directive job number, Mountain Home Air Force Base, RUA 51–1E, from ENGMG 2374.

Rehabilitation project, Mountain Home Air Force Base.

Confirm telephone conversation June 27, authorize P459 funds increased by $922,000 to total of $3,080,000. Total authorized P479 funds $85,000 remain unchanged. Funds must be obligated by June 30, 1951. Will be made available by MATS. Indicated totals will not be exceeded. End.

Signed "Walsh."

Mr. DONNELLY. Is this General Walsh, the division engineer for the North Pacific Division?

General HARDIN. Yes, sir.

INFORMALITY OF OBLIGATING FUNDS BY TELEPHONE AUTHORIZATION

Mr. DONNELLY. Is this authority to the district engineer, on July 2, to obligate funds as of June 30?

General HARDIN. This is confirming a telephone conversation of June 27. This is a confirmation telegram. The authority had been issued under the previous message which had been sent direct on the 28th and also confirming a telephone conversation which had been had on the 27th.

Mr. DONNELLY. General, does it fairly appear that toward the close of the fiscal year—that is, the last days of June—funds are obligated as informally as by long-distance telephone authorization?

General HARDIN. It is quite obvious that in this case, rehabilitation, the authority was issued as indicated.

NECESSITY FOR OVERALL COST ESTIMATE PRIOR TO APPROVAL OF INDIVIDUAL PHASES OF ADDITIONAL PROGRAM

Mr. DONNELLY. General, I would like to read a few of the excerpts of this memorandum of June 30, 1951, which is entitled, "Report on negotiations with Contractor * * *," in the light of the facts as shown by these documents.

We have in the first paragraph the fact that the project engineer arrived at the Air Force base on June 12, 1951, and prepared an outline the following day.

In the second paragraph it states that the project manager for the contractor received on June 15, 1951, a request for a proposal. That was 2 days later. That was on a Friday. And he, with the contractor

was requested to submit an estimate by the following Monday, June 18.

Then we find in the middle of that paragraph that the contractor's representative was advised that the cost of the over-all additional program would have to be ascertained first before any additional phase of it could be approved separately and furthermore that a complete breakdown of his proposal would have to be submitted to the district office for checking with the Government fair-cost estimate.

Does that mean, General, that the contractor was being asked to work up an estimate without a definition of the work that he was to do?

General HARDIN. Well, I hardly think that that would be a fair assumption, Mr. Donnelly. You cannot ask the man to give you a price unless you have something he can give you a price on.

FACTS INDICATING IMPORTANCE ATTACHED TO OBLIGATION OF FUNDS PRIOR TO CLOSE OF FISCAL YEAR

Mr. DONNELLY. General, what do those words mean:

> The cost of the over-all additional program would have to be ascertained first before any individual phase of it could be approved separately.

General HARDIN. I think that has to be read in connection with the preceding sentence:

> A partial estimate was submitted by the contractor the following Monday * * * covering rehabilitation work to the enlisted men's barracks and BOQ's only, with a request for immediate approval and authorization to proceed in order to avoid delay in work already under way in these buildings.

The contractor then, as I read this, was asking for approval of a portion of a job which he could estimate. But the contractor's representative was advised by the resident engineer that first of all they had to get the over-all cost of the work set up so as to see whether or not they could properly undertake any part of it. Knowing that there was a limitation on the amount of expenditure of some $3.8 million, I believe, I think that was the thinking.

Mr. KORTH. Mr. Chairman, off the record.

(Discussion off the record.)

Mr. DONNELLY. Now, General Hardin, let me invite your attention to the last line on this page, beginning with the last two words:

> The specifications were merely an outline of the type of system desired and required the contractor, among other things, to design the entire layout, This information was transmitted to the contractor that afternoon with an urgent request to prepare an immediate estimate in order that the cost of the over-all additional proposed work might be ascertained.

That work is part of the BOQ's.

Now, in the next paragraph, General, we find the result of this figuring by the contractor on heating. Down in the third line from the end of the paragraph we find that the cost estimate "was more than double the amount anticipated."

It speaks again:

> The time for revising the design was so short.

The next paragraph speaks of a conference assembled to resolve the problem. In the last line it states:

> Colonel Downes stated that he would take the necessary action to obtain authorization for use of oil heat.

Then on the next page, at the top, in paragraph 7, it says:

As a result of this inspection, numerous instances of duplication and unnecessary work were discovered which were deleted. In addition, numerous other unessential items which could be deleted in the event of a shortage of funds were determined and a tentative system of priorities for their elimination was established, if found necessary.

The next paragraph states:

Before the contractor had completed his estimate of the BOQ heating based on discussions of the previous Saturday, Colonel Downes received instructions from MATS Headquarters, Washington, D. C., that oil heat could not be approved. * * * This information was immediately transmitted to the contractor with a request to revise his estimate accordingly. The contractor submitted a verbal quotation covering all proposed changes to date, late that afternoon.

Then in paragraph 9 we find, as a result of further conferences, this statement:

With this in mind, it appeared that there might be $35,000 or $40,000 of funds unobligated.

The following day—

Two colonels—

submitted a request for additional rehabilitation work.

That was June 26.

The following day, June 27, there was a further conference.

A series of conferences—

began

at 3:00 p. m. concerned with and leading up to the final negotiation of prices for the additional work. The first conference, which lasted until 5 p. m., was concerned with correlating plans and specifications and with time schedules. The conversations were resumed at 6:30 p. m. at which time the unit prices submitted by the contractor were taken up item by item. At 11 p. m. the talks were suspended until the following morning. A team of estimators who had prepared the Government estimate continued to check the contractor's proposal—

I take it that is through the night—

A number of minor adjustments were made with the over-all figure remaining relatively at the same amount as submitted by the contractor.

At 7:30 a. m. on 28 June 1951 the third conference with the contractor's representative was held. * * * At 11 a. m. an agreement had been reached and the contractor was given a letter requesting that he proceed with the rehabilitation work.

This document is signed by the various Government people involved in the negotiation, and approved by the district engineer.

General, is it fair to say from a reading of this record of negotiations that the prime consideration and motivating factor throughout was a rush to obligate the funds and all the funds?

General HARDIN. I would say certainly that there was an indication here of an extreme effort to get work under way. Now, I am not in a position to deny or affirm, Mr. Donnelly, that their prime objective was to commit funds. I cannot agree to that concept because, of course, as I have stated before, I think that is not our objective. Our objective is to utilize the moneys that are given to us by the Air Force, in this instance, to comply with their desires to get work under way. That is a measure of the effort that is indicated here.

Now, why we were under such pressure to get work under way is, I think, more properly the inquiry than just the desire to obligate funds.

Mr. DONNELLY. Well, I suggested that the desire really was a desire to obligate the funds, and you have answered that you feel that perhaps was not the criterion, or was it?

General HARDIN. These were year-end funds, remember.

Mr. DONNELLY. That is correct; they were year-end funds.

General HARDIN. And the Air Force had made them available to us apparently at a very short time before the end of the year, and we were doing our best, as the construction agency for the Air Force, to put the funds to work.

General MYERS. That is correct, sir.

If I may interprose there, these funds, I am sure, were part of the fourth supplemental. Not new construction, but the fourth supplemental regular funds that were made available, that we received about the 31st of May.

This base was for the so-called Air Resupply and Communications Wing that we were very anxious to get into operation. It was, we felt, a very, very important activity. Mountain Home Air Force Base was programed as its home. We had new construction programed there, but we also had a large rehabilitation program, in our effort to utilize what facilities were existing. Mountain Home, with the exception of hangars and a very few other buildings, is all theater of operations construction. It is the so-called tarpaper construction. We were rehabilitating it for this wing. They were due to occupy the base—I cannot give you the date, but very soon. It was a combination again of getting the facilities available for them and utilizing the funds that had been made available to us for that purpose.

Mr. DONNELLY. Were these funds which were enacted into law on May 31 due to expire June 30, 30 days later?

General MYERS. Right; yes, sir. We defended them on the basis that we needed them and could utilize them. We had a large backlog of rehabilitation projects. This was one of them, that we requested funds for.

INCREASE BY CHANGE ORDER NEGOTIATION TO FULL AMOUNT OF INITIAL CONTRACT

Mr. DONNELLY. Now, the information that we had gotten from the field out there was this: Under the Armed Services Procurement Act the district engineer had to make a finding of fact before he could negotiate this change order of 100 percent of the amount of the contract, and did make such a finding of fact, but not until after the fact instead of before the fact. That is, when our people went out there in the middle of July the findings of fact still were not available not only on this one but on several others out of this district engineer's office.

General Hardin, would you want to comment or explain on the negotiation by a change order of an addition to an existing contract in the amount of 100 percent of that contract, as occurred in this case?

General HARDIN. Yes. In keeping with the authorities given us under the Armed Services Procurement Act and as further set forth in the procurement regulations published by the Department of the Army in the period of emergency, as declared by the President, the armed services have authority to depart from formal advertising under certain conditions set forth in those regulations and the act itself; the

one which we have used most frequently being the first clause of an exception which in effect states that if the work is urgent from a defense standpoint that we may use other than advertising procedures for making contracts.

This was a negotiated contract, under the authorities given us by that law. By the same token, there was no legal restriction in our authority to modify that contract to extend its scope or its monetary value. It was under those authorities that these extensions or revisions to the basic contracts were made.

From an administrative standpoint, so far as negotiated contracts are concerned, the Chief of Engineers has set up certain restrictions on his field offices as to what extent they might modify negotiated contracts by change order or supplemental agreement. There have been a series of letters on that subject, and changes from time to time, and at the moment the authority which the district engineer has for making a change in a negotiated contract is only limited by the amount of the initial contract. In other words, he may modify that contract in an accumulative fashion up to the point which is equal to his authority to approve the initial contract. And, as the authorities are now decentralized, that is $5 million.

In other words, a district engineer can make an award on a negotiated contract initially in the amount of $5 million, and he can also during the life of that contract modify it incrementally, if he chooses, so long as the accumulated total does not exceed the amount of the original contract. If the contract were $1 million initially, he could not increase that contract by more than the same amount in which the contract was initially awarded. If it were $50,000 initially the same basis would be true. He could not add to that contract more than an equal sum of its first award.

By the same thinking of decentralizing procedures to the field in this emergency, the division engineer has an initial authority of $15 million on making an award of a negotiated contract, and he also has an authority to modify that contract up to the equal amount of $15 million without coming back to the Chief of Engineers.

By the same token, if it were a contract which just exceeded the district's authority—say it was $6 million for the initial award—the division engineer could not approve more than a total of $6 million. The district could not approve it; it would have to go to the Division.

NEED FOR ADVANCE AUTHORITY FROM CHIEF OF ENGINEERS TO NEGOTIATE IN THE FIELD

Mr. DONNELLY. When we were developing these facts about 3 weeks ago we had the letters out which showed the decentralization of $15 million to the division engineer and $5 million to the district engineer. Then I believe, General, you indicated that that was limited to the act of approving an award. My recollection is that you suggested that before he could negotiate it he would have had to go to the Chief of Engineers in Washington and get advance authority to negotiate, and then his authority was limited to approving the award after he had negotiated. Is that still the case?

General HARDIN. That is still the case. He has no authority under the present operations to take upon himself to negotiate a

contract either on a lump-sum or cost-plus-fixed-fee basis without first getting authority from the Chief of Engineers to so do.

Mr. DONNELLY. Is that what is indicated in this series of documents, where reference is made to confirming a telephone conference?

You remember, in those telegrams there were two places appearing confirming telephone conferences. Is the authority from the Chief of Engineers secured as informally as by telephone, or is there some formal submission made to the Chief of Engineers to get the authority to negotiate?

General HARDIN. No. In June 1951, Mr. Donnelly, the districts and divisions had authority to choose the form of the negotiated contract without having to come to the Chief of Engineers for it. That would have been found in that previous red-bordered letter which we had out before us, I think in March.

Mr. DONNELLY. March 16, 1951; as I remember it.

General HARDIN. I think so.

Mr. DONNELLY. Then that authority was terminated by a letter of March 7, 1952, as I remember it. But then you indicated that the second letter did not show a change of policy.

General HARDIN. With respect to undertaking cost-plus-fixed-fee contracts, that is right. This was not a cost-plus-fixed-fee contract.

Mr. DONNELLY. No, sir; it was negotiated. Is it the fact now that with respect to negotiated contracts the division and district engineers must get advance approval or authority from the Office of the Chief of Engineers?

General HARDIN. That is correct.

INSTRUCTIONS TO FIELD TO USE FORMAL ADVERTISING WHERE POSSIBLE

Mr. DONNELLY. Directly on this point I think the committee would be interested in examining a telegram sent out to all division engineers by General Hardin.

May this be placed in the record at this point, Mr. Chairman?

Mr. RILEY. Without objection it will be placed in the record at this point.

(The telegram is as follows:)

COFENGRS, DEPARTMENT OF THE ARMY,
Washington 25, D. C., September 26, 1951.

All division engineers except UMVD LMVD MRD
Div. Engr. Missouri River Div. From EN GKM.

Growing use of negotiated construction contracts is cause for concern to Chief of Engineers and is leading to contracting industry discontent. Request you follow policy prescribed in letter 16 March ENGAC 161 which intended that formal advertising be followed unless exception circumstances were present Letter follows. Notify districts.

JOHN R. HARDIN,
Brig. Gen., USA (WD), Asst. Chief of Engrs. for Mil. Constr.

Mr. DONNELLY. General, would you care to elaborate on the instructions that you have given in this telegram?

General HARDIN. Yes. The use of negotiated contracts under the Armed Services Procurement Act Authority was, as we have just discussed, a matter of discretion on the part of the field offices. In the beginning of fiscal year 1952, in reviewing the actions of the various field agencies as to what they had been up to that time, and the feeling that a negotiated procedure was possibly being used to a greater extent

than was ever contemplated it be used—because even our earliest instructions said that we wanted them to use advertised procedures in every case where it was possible to do so—we found that it was necessary to remind the field of the departures from the established policy and to indicate our concern over this and cause them to review what they were doing, with the objective of getting back into line. That was the purpose of this cautionary telegram to the division engineers all over the United States.

We noted that there had been a growing use of negotiated contracts when we thought, reviewing it here from the Washington standpoint that some of these contracts could well have been advertised. To keep the situation from getting out of hand it was agreed by me and my Chief that we should caution the field agencies accordingly.

INSTRUCTIONS REQUIRING PRELIMINARY CLEARANCE BY CHIEF OF ENGINEERS OF COST-PLUS-FIXED-FEE CONTRACTS

Mr. DONNELLY. Now, General, with respect to the cost-plus-fixed-fee contract negotiation, as distinguished from the negotiated contract, I have a document here which I understand to be an order from the Chief of Engineers dated May 3, 1951, to all division engineers.

May this document be inserted in the record, Mr. Chairman?

Mr. RILEY. Without objection.

(The documents are as follows:)

3 MAY 51

D/A OCE ENGMY UNCL Routine X
All Div Engrs
From ENGMY

Reference is made to para two of multiple ltr two Apr nineteen fifty one subj quote delegation of authority to make determinations and findings in support of cost reimbursement type contracts unquote pd inability at many projects to establish criteria cma obtain real estate cma etc cma has enabled you to advance design further than contemplated when the referenced multiple ltr was issued pd in view of advantages that accrue through use of lump sum contracts cma it is my desire that you obtain prior clearance from this office before you make any commitment to use cost-plus-a-fixed-fee contracts pd this preliminary clearance will not relieve you from responsibility of making requisite determinations and findings to use cost type contract as set forth in above referenced multiple ltr pd clearances from this office may be obtained by teletype request which should be supported with sufficient information and data pd in urgent cases the matter may be handled informally by telephone cma in which event it will be incumbent upon the office requesting telephonic clearance to submit written requests for confirmation pd I reemphasize my desire to use advertised lump sum contracts to greatest extent practicable pd notify districts ENGMY 2469

Mr. DONNELLY. Is that what that document is?

General HARDIN. Yes. That is a document which deals with the delegation of authorities that had been issued.

Mr. DONNELLY. Would you read it for us?

General HARDIN (reading):

Reference is made to paragraph 2 of multiple letter April 2, 1951, subject, Delegation of Authority To Make Determinations and Findings in Support of Cost Reimbursement Type Contracts. Inability at many projects to establish criteria, obtain real estate, et cetera, has enabled you to advance design further than contemplated when the referenced multiple letter was issued. In view of advantages that accrue through use of lump-sum contracts, it is my desire that you obtain prior clearance from this office before you make any commitment to use cost-plus-a-fixed-fee contracts. This preliminary clearance will not relieve you from responsibility of making requisite determinations and findings to use cost-type contracts as set forth in above referenced multiple letter. Clearances

from this office may be obtained by teletype request which should be supported with sufficient information and data. In urgent cases the matter may be handled informally by telephone, in which event it will be incumbent upon the office requesting telephonic clearance to submit written requests for confirmation. I reemphasize my desire to use advertised lump-sum contracts to greatest extent practicable. Notify districts.

This was dated May 3, 1951.

Mr. DONNELLY. Who signed that?

General HARDIN. I cannot tell you offhand. I think it is General Nold's symbol.

POLICY OF NAVY ON PRELIMINARY CLEARANCE BEFORE AWARDING NEGOTIATED CONTRACTS

Mr. DONNELLY. Now, when we were discussing this subject earlier the committee asked what the situation was with respect to the Navy contracting, and I have the directive of the Navy Department from the Assistant Secretary of the Navy, dated January 26, 1951, setting a ceiling of $300,000 above which a contract may not be awarded other than by formal advertising. The Bureau of Yards and Docks is required to get clerance from the Chief of Naval Material before it is permitted to negotiate above that figure.

There is a subsequent directive of August 11, 1951, from the Chief of Naval Material which specifies additional information required, where the contract may run $5 million or more.

May these documents be inserted in the record at this point, Mr. Chairman?

Mr. RILEY. Without objection they will be inserted in the record.

(The documents are as follows:)

NAVY DEPARTMENT,
OFFICE OF NAVAL MATERIAL,
Washington 25, D. C., January 26, 1951.

From: The Assistant Secretary of the Navy.

To: Chief of Naval Material.
Chief of Bureau of Aeronautics.
Chief of Bureau of Medicine and Surgery.
Chief of Bureau of Ordnance.
Chief of Naval Personnel.
Chief of Bureau of Shlps.
Chief of Bureau of Supplies and Accounts.
Chief of Bureau of Yards and Docks.
Commandant of the Marine Corps.
Chief of Naval Research.
Commander, Military Sea Transportation Service.

Subject: Change in Contract Clearance Requirements.

Reference: (a) Navy Procurement Regulation dated November 1, 1947.

1. *Scope.*—This directive describes the kinds of procurements for which it is necessary to (i) obtain from the Office of Naval Material (or in certain cases the Bureau of Yards and Docks) authority to contract, or (ii) submit to the Office of Naval Material reports after execution.

2. *Authority to contract.*—The term "authority to contract" (commonly referred to as "business clearance") means the approval required when a proposed procurement would obligate funds in an amount more than a specified minimum. Authority to contract shall be obtained from the Office of Naval Material (M32) prior to executing a procurement document calling for the expenditure of appropriated funds or otherwise obligating the Government with respect to appropriated funds for any of the kinds of procurements enumerated in paragraph 3 below, except that authority to contract will not be required for procurements entered into by Navy activities located beyond the continental limits of the United

States for supplies manufactured and used, or services performed, beyond the continental limits of the United States. Authority to contract shall be secured prior to the issuance of a definitive contract even though a previous approval may have been obtained for a preliminary notice of award, a letter of intent, letter contract, or other obligating documents not specifying definitive terms relating to price. Authority to contract shall be obtained from the Bureau of Yards and Docks prior to executing any contract for electric power, gas (natural or manufactured), water, or other utility services, as required in paragraph 4 below.

3. *Procurements requiring authority to contract.*—(*a*) Authority to contract shall be obtained for negotiated procurements as follows:

(i) each new contract or amendment which by itself, or by the exercise of any option or options contained therein, or together with the furnishing of facilities under the same contract or under a related facilities contract, would obligate the Government to pay $300,000 or more;

(ii) that portion of each contract or amendment covering spare parts costing $300,000 or more, at the time such spare parts are definitely priced, notwithstanding the fact that authority to contract may have been obtained for the original contract for complete equipments or materials with the estimated price of the spare parts included as a percentage of total contract price or on an estimated or maximum sum basis;

(iii) each exercise of an option or options which would obligate the Government to pay $300,000 or more irrespective of whether or not authority to contract may have been obtained for the contract containing such option or options;

(iv) each new contract or amendment which contains any special clause affecting price, which clauses has not been authorized for general use, provided that only the clause itself need be cleared whenever the contract or amendment of which it is to be a part does not otherwise require authority to contract under this paragraph;

(v) each agreement or amendment for redetermination of the price of a contract for which authority to contract has previously been obtained, notwithstanding the fact that the redetermination is proposed at no change in the original contract price;

(vi) each letter of intent, letter contract, preliminary notice of award, letter of award, or other preliminary contractual agreement whenever it is believed that the ensuing definitive contract may require authority to contract under one or more of the above subparagraphs.

(*b*) Authority to contract shall be obtained for formally advertised procurements as follows:

(i) each award proposed to a sole bidder or to other than the low responsive and responsible bidder if the award would obligate the Government to pay $300,000 or more. The extent of obligation shall be determined in the same manner as described in 3(a)(i) above;

(ii) each exercise of an option or options which would obligate the Government to pay $300,000 or more irrespective of whether or not authority to contract may have been obtained for the award containing such option or options;

(iii) each proposed award or amendment of a contract after award which contains any special clause affecting price, which clause has not been previously authorized for general use, provided that only the clause itself need be cleared whenever the award or amendment of which it is a part does not otherwise require authority to contract under this paragraph;

(iv) each agreement or amendment for redetermination of the price of a contract, whether or not authority to contract was previously obtained for such contract, if the contract to be so redetermined initially obligated the Government to pay $300,000 or more;

(v) each amendment which by itself, or by the exercise of any option or options contained therein, or together with the furnishing of facilities under the same contract or under a related facilities contract, would obligate the Government to pay $300,000 or more.

4. *Contracts for electric power, gas, and other utility services.*—Prior to executing any contract for electric power, gas (natural or manufactured), water, or other utility service, and irrespective of the amount thereof, authority to contract shall be obtained from the Bureau of Yards and Docks in accordance with the requirements of SecNav Directive dated May 21, 1947, as amended from time to time.

5. *Reports after execution.*—Unless authority to contract has been secured under the requirements of paragraph 3, a full report shall be made promptly to the Office of Naval Material (M32) for each contract awarded by means of formal adver-

tising, other than purchases for subsistence supplies or supplies purchased for authorized resale, obligating the Government to pay $300,000 or more. These reports after execution of contracts (Form NAVEXOS 2763) shall contain the following information:

(*a*) All of the information required by the cover page; however, the words "formal advertising" shall be inserted after the title "Reports After Execution of Contract." If the contract covered more than three items, the price information required by the cover page may be provided by furnishing a copy of the Award (Standard Form 26 or Standard Form 33) with the report after execution instead of furnishing such information on the cover page.

(*b*) The number of invitations for bids issued and the number of bids received on each item.

(*c*) A statement as to whether the procurement was advertised on a unit or let basis.

6. Effective immediately, section V, part 1, of reference (*a*), and all other directives, letters and implementing memoranda, or portions thereof, in conflict with this directive are hereby superseded.

7. The Chief of Naval Material is authorized to prescribe forms and procedures for the obtaining of authority to contract and the submitting of reports after execution.

JOHN T. KOEHLER,
Assistant Secretary of the Navy.

Authenticated by:

E. C. ROGERS,
Captain, USN (retired).

(NCPD Category: Clearance.)

NAVY DEPARTMENT,
Washington, D. C., August 11, 1951.

M32/JDE:blc
Supplement to NCPD 57–51.
From: Chief of Naval Material.
To: Chief of Bureau of Aeronautics.
Chief of Bureau of Medicine and Surgery.
Chief of Bureau of Ordnance.
Chief of Naval Personnel.
Chief of Bureau of Ships.
Chief of Bureau of Supplies and Accounts.
Chief of Bureau of Yards and Docks.
Commandant of the Marine Corps.
Chief of Naval Research.
Commander, Military Sea Transportation Service.
Executive Officer, Armed Services Petroleum Purchasing Agency.
Subj.: Supplemental information to be included in request for authority to contract for contracts over $5,000,000.
Ref.: (*a*) NCPD 57–51 dated January 26, 1951.

1. In Requests for Authority to Contract submitted as required by reference (*a*), it is requested that the following additional information be included on all proposed contracts with a dollar amount of $5,000,000 or more:

(*a*) The extent of subcontracting of complete units or major components estimated for the instant contract.

(*b*) The total dollar amount of uncompleted contracts now held by the particular plant/division of the proposed contractor. It is requested that governmental contracts be segregated from the total dollar amount and that the clearance set forth both the total dollars including governmental contracts and the segregated amount of governmental contracts.

(*c*) An estimate of the months of production represented by the uncompleted contracts set forth under (*b*) above.

2. As used in this directive the term contract is defined in the manner set forth in the Armed Services Procurement Regulation, paragraph 1—201.6.

A. G. NOBLE.

Copy to: CNO.
Authenticated by:
LCdr J. W. GRAHAM, *SC, USN*
Director Administrative Division.
(NCPD Category: Clearance.)

RUSH TO OBLIGATE FUNDS BY WALLA WALLA DISTRICT OFFICE IN JUNE 1951

Mr. DONNELLY. Now, for the information of the committee, we have here a further example of the haste of obligation of funds by the Walla Walla district office in June 1951. That was the district office which had the Mountain Home contract, which we just examined.

Parenthetically, I might say that at the same time the Mountain Home contract was being negotiated this district office was also negotiating a contract for $1,130,000 for the Pasco Engineering Depot, and also a contract for $313,000 at the Geiger Air Force Base.

GEIGER AIR FORCE BASE, WASH.

OBLIGATION OF FUNDS IN JUNE, 1951

I would like to give the committee members a copy of the record of negotiations at Geiger for the purpose of illustrating the extreme haste and hurry in obligating the funds, and ask that this document be inserted in the record at this point.

Mr. RILEY. Without objection this document will be inserted in the record at this point.

(The document is as follows:)

(Contract No. DA–45–164–eng–1153)

RECORDS OF NEGOTIATIONS FOR REHABILITATION OF BUILDINGS AND UTILITIES AT GEIGER AIR FORCE BASE, WASH.

Dates of negotiations: June 2–26, 1951.

Places of negotiations: Geiger Air Force Base, Spokane, Wash., and Walla Walla District Office.

Proceeding events leading to negotiations.—During the month of May 1951, the Engineering Division in cooperation with AIO at Geiger Air Force Base reviewed the rehabilitation work to be accomplished under Directive RUA 51–2 and Mr. Ross initiated action for preparation of plans and specifications for placing the work under contract through the medium of formal advertisement. The tentative design schedule was to have plans and specifications available for approval on June 4, 1951, with latest date for advertising set as June 14, 1951, and opening of bids June 20, 1951. Since this work was to be accomplished with RU funds which expired on June 30, 1951, the division engineer, North Pacific Division fixed the date of June 22, 1951, as latest date for award of contract. This schedule allowed only 6 days between release of plans and specifications to bidders and the opening of bids and it was apparent, from the many changes in scope of work and redesign of various features, that it would be impossible to complete plans and specifications in form for advertising earlier than June 14, 1951.

Decision as to plan of action.—The district engineer, on the afternnon of June 2, in conference with Engineering and Construction Divisions and Supply Branch authorized placing this work under contract through the medium of negotiation in lieu of formal advertising. This decision was prompted by recent experiences of the districts wherein insufficient bidding time had resulted in excessive prices and better prices and workmanship were being obtained when rehabilitation work was let by negotiation. The general plan of action was to select five or six well-qualified contractors within the immediate area who had been regular bidders with this district for building work. The selected contractors were to be furnished preliminary plans and specifications and after afforded a chance to tour the buildings a general meeting with all would be had for purpose of drafting final plans and specifications to be made a part of the definitive contract. At this meeting a definite date for receipt of quotations would be fixed and on the basis of the quotations a contractor would be selected with the thought that, all considerations being equal, award would be made to the contractor offering the lowest price.

Negotiation proceedings.—The following contractors were contacted by telephone by Mr. Slavin on afternoon of June 7, 1951, advised of proposed plan for negotiation of said work, and invited to attend meeting in building No. 52 at Geiger AFB at 9:30 a. m. June 11, 1951:

Phil McInnis & Henry George & Sons, Spokane, Wash.
Gus J. Bouten Construction Co., Spokane, Wash.
H. Halvorsen, Inc., Spokane, Wash.
Busboom & Rauh, Spokane, Wash.
Hazen & Clark, Spokane, Wash.
Carbon Bros. & Plath, Spokane, Wash.

The necessary papers for negotiation were completed late on June 9, 1951, and hand-carried to Geiger AFB early morning of June 11, 1951. Representatives of the selected contractors met in building No. J2 and a general outline of the work to be accomplished was presented by representatives of the Walla Walla district. Preliminary plans and specifications were distributed to those in attendance and Saturday, June 16, was established as date for general meeting of all concerned for open discussion of work to be performed and drafting of final plans and specifications to be made a part of definitive contract.

The meeting was held Saturday, June 16, at 1 p. m. and Mr. Ross described the changes that had been made by this office in the specifications, after which the contractors were requested to air any matters which needed clarification. These questions consisted mainly of interpretation as to replacement or repairing of various items.

After all points had been settled, the bidders were advised that bids would be accepted at 10 a. m., June 20, 1951.

The following firms submitted quotations:

Gus J. Bouten Construction Co	$673, 718. 00
Phil McInnis & Henry George & Sons	644, 994. 00
H. Halvorsen, Inc	693, 744. 00
Hazen & Clark	616, 191. 72
Busboom & Rauh	608, 309. 00
Carbon Bros. & Plath	607, 565. 90
Government estimate	422, 510. 00

Inasmuch as funds in the amount of approximately $322,000 were available for the work, it was necessary to eliminate those items that were deemed of a lesser priority. This was done by Mr. Ross and Captain Jacobs, AIO at Geiger Field, and a further check was made of the figures, with Carbon Bros. & Plath still low bidder, but still in excess of the funds available.

Due to the discrepancy of the amounts in some items between the Government estimate and the contractors bid, there was evidently some difference of opinion on exactly what was to be done in some of the buildings, whereupon Mr. Plath was requested to call his main subcontractors and they would inspect each building with the Government representatives. This was done and Mr. Plath submitted revised figures, supported by subbids, which were found acceptable to the Government.

Contract No. DA–45–164–eng–1153 was entered into on June 26, 1951, in the amount of $313,661.20.

A subsequent check revealed that additional work had been added to the specifications over and above that called for by the directive, which resulted in the bid prices being excessive with respect to the funds on hand. This was done so that in the event bids on directive criteria were low enough, additional work could be done without the use of modifications to the contract.

Negotiators for Government:

RAY SLAVIN,
O. F. MURRAY,

Approved:

W. H. MILLS,
Colonel, Corps of Engineers, District Engineer, Contracting Officer.

Mr. DONNELLY. Mr. Stanley, do you know if this Geiger contract was from the fourth supplemental?

Mr. STANLEY. No, sir; I do not.

Mr. DONNELLY. Can you tell by a symbol number?

Mr. MCCLOUD. I am sure it is.

Mr. STANLEY. No, sir; I cannot.

Mr. DONNELLY. Do you know, Mr. McCloud?

Mr. McCLOUD. The reason we are not absolutely certain, Mr. Donnelly, is because we did get some regular maintenance and operation funds during the fiscal year 1951, and it is entirely possible, though very improbable, that those funds were used. Since we did get this large additional maintenance and operation allotment in the fourth supplemental, I am positive that is it.

General MYERS. We can check that.

Mr. McCLOUD. I can give you a definite answer. I can call you from the office, as soon as I get back. I am almost certain it was from the fourth supplemental, because the dates are just about the same.

Mr. RILEY. We would like to have that in the record.

Mr. McCLOUD. Yes, sir.

(The information is as follows:)

The funds were maintenance and operation funds included in the fourth supplemental Public Law 43 approved May 31, 1951. Anticipating approval, certain preliminary work was accomplished but the funds could not be obligated until after May 31, 1951 and must have been obligated by July 1, 1951.

Mr. DONNELLY. This record of negotiation shows that the Geiger contract started out to be a formal advertised contract, and the Air Force and the Corps of Engineers started its consideration in May 1951.

This first paragraph does state that they are R & U funds, repairs and utilities, which would expire on June 30, 1951.

Mr. McCloud, it has been my understanding that in some cases the field offices of the Corps of Engineers and of the Air Force did not know whether the funds in every case were year-end funds or no-year funds.

General MYERS. No, sir.

Mr. McCLOUD. No, sir; that is not right.

General MYERS. They knew. In some cases we had anticipated the obtaining of funds and had gone ahead with our planning and design work. In other cases we had not, but they knew whether they were year-end funds or not.

Mr. DONNELLY. In our past discussion, Mr. McCloud, did you not indicate that you had a problem of educating the Air Force representatives in the field to the effect that construction funds were actually no-year funds, continuing funds?

General MYERS. I said that, Mr. Donnelly. We still have a problem of educating some of our people that construction funds are not year-end funds. We have not had any trouble in educating the people that the maintenance and operation funds are year-end funds. They knew they were all year-end funds, or some of them.

Mr. DONNELLY. We find here at the bottom of the first page that:

Contractors were contacted by telephone * * * on afternoon of June 7, 1951, * * * and invited to attend meeting * * * on June 11, 1951.

There is a list of the contractors contacted at the top of the second page. Then we find:

The necessary papers for negotiation were completed late on June 9, 1951, and hand-carried to Geiger Air Force Base early morning of June 11, 1951.

General Hardin, do you know if that means that they were carried from the Walla Walla district office to Geiger Air Force Base? Is that what "hand-carried" means?

General HARDIN. Yes; I would say so.

Mr. DONNELLY. Then we find:

Preliminary plans and specifications were distributed to those in attendance and Saturday, June 16, was established as date for general meeting of all concerned * * *.

The meeting was held Saturday, June 16, at 1 p. m. * * * and changes that had been made by—

the Corps of Engineers—

office in the specifications—

were indicated.

Then on June 20 proposal were submitted by the contractors. We find here that the Government estimate is considerably lower than the amount of any of the proposals by contractors.

Now, would that indicate, General Hardin, that the contractors included a large contingency item in their proposals?

General HARDIN. It is possible. Of course, I might also assume that the Government estimate did not reflect the conditions as the contractors evaluated them on the cost of work, and so forth. I think if you look at the last three prices, so close together, of $616,000, $608,000, and $607,000, that represents pretty uniform thinking on the part of construction men. It would indicate that there was a question about the Government estimate, anyway.

Mr. DONNELLY. Now, the very last paragraph on the last page sheds some light on this:

A subsequent check revealed that additional work had been added to the specifications over and above that called for by the directive, which resulted in the bid prices being excessive with respect to the funds on hand. This was done so that in the event bids on directive criteria were low enough, additional work could be done without the use of modifications to the contract.

General, as we will see when we get into Pasco Engineering Depot, in the same district engineer's office at Walla Walla, we had three of these going on at the same time; that is, these hasty negotiations in the month of June.

Can you tell us whether that was characteristic of district offices throughout the country in June 1951?

General HARDIN. Maybe not to the degree here, Mr. Donnelly, but I think there was a high degree of activity, generally speaking, throughout the United States in the months of May, June, and July. A tremendous amount of work was let.

Mr. DONNELLY. In your view, General Hardin, is this hasty obligation of funds likely to be productive of economy, or is it an undesirable practice?

General HARDIN. Oh, I think it is quite obvious that it is an undesirable practice from the standpoint of the economy viewpoint. We would like to have a uniform letting of work throughout the spring season. It is better for the contracting industry. They have more opportunity to figure their bids. The material suppliers have a better opportunity when things are not peaking to give better consideration to the bids that they in turn give to the prime contractors.

There is not much in favor of a peak operation. I do not think that was a matter of choice in this case. It was a matter of meeting the situation as the defense effort and the appropriation of funds had resulted.

Mr. DONNELLY. Now, General Hardin, we have through these last two cases illustrated in the case of Mountain Home a change order and in the case of Geiger a hasty obligation of funds. Then we have an illustration here in the case of Fairchild Air Force Base of a supplemental agreement which, as you indicated this morning, is different from a change order. I do not know whether the chairman wants to go into that at this hour or not.

Mr. RILEY. It is probably a little bit late.

(Discussion off the record.)

MONDAY, APRIL 28, 1952.

Mr. RILEY. The committee will please come to order.

We will ask Mr. Donnelly to present the next subject of inquiry.

GLOBAL COMMUNICATIONS PROJECT, OFFUTT FIELD, OMAHA, NEBR.

WITNESSES

MAJ. C. A. PARRISH, AACS
MAJ. L. C. FONG, AACS
T. J. SALTER, AACS

Mr. DONNELLY. Mr. Chairman, with regard to the order of presentation of the projects, the Air Force requested that when the global communications project at Offutt Field, Omaha, was reached, they be given advance notice in order that they might bring into Washington, to appear before the committee and answer any of the committee's questions, certain officers. These gentlemen are here this morning: Maj. C. A. Parrish, Maj. L. C. Fong, and Mr. T. J. Salter.

I have here a summary of conditions as set forth by the committee staff at Globecom. A copy of this summary has heretofore been furnished to both the Air Force and the Corps of Engineers, and I ask that it be inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The document is as follows:)

GLOBAL COMMUNICATIONS, OMAHA, NEBR.—SUMMARY OF INADEQUATE PLANNING CONDITIONS; ALSO DISCUSSION OF SAC BARRACKS

OFFUTT AIR FORCE BASE, OMAHA, NEBR.

On October 24, 1950, the Strategic Air Command (SAC) decided to locate global communication facilities at this base. These facilities comprise three separate units consisting of a communications-center building at the Offutt Air Force Base, the power and transmitter building at Meade, Nebr., and the receiver building at Elkhorn, Nebr.

According to information received from the corps, a delay of 9 months occurred because of the inability of the Air Force to determine whether the communications-center building should be incorporated in the proposed SAC headquarters building or in a separate structure, and other siting considerations. This important question was not resolved until August 2, 1951.

In addition to the indecisions regarding the siting of the facilities, the corps informed the staff that a 6-month delay (concurrent with the above delay) developed following the corps' request for outline plans on October 24, 1950. The delay was described by the corps thusly:

"Due to major changes in schedule requirements, OCE was unable to furnish definitive plans for Globecom structures until January 5, 1951. Preliminary plans sent to MRD (Missouri River division) for approval January 29, 1951, tentatively approved by MRD February 2, 1951. Revised preliminary plans for communications center to MRD and USAFIR for approval June 27, 1951, and returned approved July 9, 1951. Estimated time lost by revisions occasioned by revised criteria—6 months."

In discussing the current status of the communications-center building, the corps advised:

"Project plans were completed and construction started about August 2, 1951. At a conference held August 7 discrepancies of a very serious nature became apparent in the electrical lay-outs and mechanical design due to lack of detailed data from using service. No decision was reached by August 16 at which time the A–E was instructed to stop design on the revised plans until firm requirements were established by SAC. A construction stop order was issued also (this applies to the interior of the communications building—Ed.). At the present time, design is only proceeding on outside utilities for the communications center, no design on revised interior is being accomplished."

The corps informed that difficulties due to changes by the Air Force had also developed in connection with the transmitter and receiver buildings as evidenced by the following quotation:

"Construction was proceeding unhampered until August 7, 1951, when a conference with the using service was held. Headquarters AACS then wanted the following:

"(*a*) Power building, transmitter site—numerous mechanical and electrical changes desired.

"(*b*) Receiver building—revised floor plan and numerous changes desired.

"(*a*) and (*b*) above are causing delay in completion of construction for these items, but it is anticipated that the above revision will not cause lengthy extension of construction time."

Delays of many months due to changes and indecisions by the using services illustrated by this project are not conducive to economical and efficient contract and construction administration. In addition, the actual completion of facilities is delayed.

Despite this long period of delay on the part of the Air Force regarding siting of these facilities, an error was made in the location of the receiver building which resulted in a waste of $80,000. It was found that, although this building was constructed about 500 feet from the site first selected, it was necessary to place it on piers 15 to 18 feet high and required the placing of some 100,000 to 150,000 cubic yards of fill in the area. Representatives of both the Corps of Engineers and the Air Force agreed there was no reason why this building could not have been built on higher ground, thus avoiding the necessity for spending $80,000 on piers and fill.

A new type of Air Force barracks now under development is usually referred to as the SAC metal barracks because it was sponsored by the Strategic Air Command. This type superficially resembles the well-known Lustron house as it is of metal-panel construction and has a structural-steel frame. There is an unnecessarily elaborate amount of plumbing as one complete bathroom is provided for each four men. Each man has a costly built-in clothes closet with a sliding steel door. Moreover, the extensive use of glass in exterior walls will result in high heating costs in northern areas.

The only barracks of this type which has been completed and occupied is at Offutt Air Force Base, Omaha, Nebr. If the luxury features are eliminated and the cost is found to be competitive with the wood frame and masonry types of barracks, there is no objection to the use of the SAC design.[1] Regardless of costs, it appears that the new design will not be widely used until the critical shortage of steel is overcome.

CONTRACT FOR GLOBECOM CONSTRUCTION

Mr. DONNELLY. Now, General Myers, in order to give us some idea of the amount of money involved in this operation at Globecom, I have gleaned from the large schedules two separate contracts. One is a CPFF contract for construction of a global communications

[1] These comments apply to the type of construction as distinguished from the space provided per man.

facility. The date of that basic definitive contract is February 9, 1951, and the estimated cost of the work is $1,244,675, the contractor being Metcalfe-Hamilton Co. of Omaha, Nebr.

In addition to that contract, we have a negotiated contract for the construction of airmen's dormitories, the date for the contract being June 30, 1951, and the amount of the original contract being $1,074,000, with another local Omaha contractor, Foster-Smetana Co., Omaha, Nebr.

Are they the only two contracts we are concerned with, or are there others?

Mr. McCLOUD. That second one, I believe, is the barracks, which is separate from Globecom itself.

Mr. DONNELLY. These barracks I have described in the second contract were at Offutt Air Force Base?

Mr. McCLOUD. That is right.

Mr. DONNELLY. Were they for the use of Globecom?

General MYERS. No, sir.

Mr. DONNELLY. It is entirely separate from Globecom?

General MYERS. That is right.

Mr. DONNELLY. How many contracts are we actually concerned with?

Mr. McCLOUD. Only the one of February 5.

Mr. DONNELLY. February 9.

Mr. McCLOUD. Oh. I see. The $1.2 million that you gave us, the first figure——

Mr. DONNALLY. Yes.

Mr. McCLOUD. I checked that. That figure is now $1,771,000.

Mr. DONNELLY. $1,771,000?

Mr. McCLOUD. Yes, sir. That is the estimated cost to complete the Globecome plus certain additional small items to bring the total contract cost up to $1,998,000 as of the present time.

Mr. DONNELLY. Since this was a CPFF contract, it was not necessary for formal change orders in order to increase the scope of the work, as I would understand it.

Mr. McCLOUD. That is right. This is the latest financial statement we have, which indicates a deficit of $328,000.

INDECISION AND DELAY WITH RESPECT TO GLOBECOM

Mr. DONNELLY. Mr. Chairman, the Air Force has very candidly conceded in informal conferences which I have had with them that there was considerable indecision and delay in determining exactly what the Air Force wanted to build at Globecom, where it wanted to build, and a delay in the furnishing of definitive design authorization to the Corps of Engineers.

General Myers, would you care to make an observation with respect to that?

General MYERS. That is certainly correct. We were just getting started on our global communications system. Major Parrish can check me on this. Our ideas were not completely jelled on it, as to the detailed technical design and so on. In addition to that, we have the problem of the location of this facility, either in or adjacent to the Strategic Air Command command headquarters that we had in mind and which we had authorized but had no funds for. So we

had a problem of the location and the integration of this with the command headquarters and also on the technical details of it, which we had not worked out at the beginning of the project. It led to considerable delay.

Mr. DONNELLY. Now, the first date which is shown here in this summary is October 24, 1950, and the date when the Strategic Air Command decided to locate global facilities at this base.

Major PARRISH. I beg your pardon about that date, please.

General MYERS. October 24, 1950.

DELAY IN DECIDING ON LOCATION OF COMMUNICATIONS CENTER BUILDING

Mr. DONNELLY. Now, General, in the second paragraph of the write-up we have a comment by the corps that a delay of 9 months occurred because of the inability of the Air Force itself to determine whether the communications-center building should be incorporated in the proposed SAC headquarters building or in a separate structure. Can you give us the reason for the apparent delay in deciding that question?

General MYERS. There was a great deal of question, Mr. Chairman, as to whether or not Omaha and specifically Offutt Air Force Base was going to remain the home of the Strategic Air Command. I think it was in 1948, the latter part of 1948, that the Strategic Air Command was moved from Andrews to Offutt.

Mr. MCCLOUD. That is right.

General MYERS. The question of a permanent home for the Strategic Air Command was a very important one, because that is where the communications center had to be, the command center which would direct the entire strategic effort. It was moved to Omaha for, I think, two reasons.

The first reason was to get it out of the Washington area, which we thought was a vulnerable area, and, secondly, to relieve the crowded conditions in the Washington area so far as office space is concerned.

We had no immediate office space available for the Strategic Air Command and moved it into the old aircraft plant there at Offutt Air Force Base. And when I say "moved it into the aircraft plant," I mean we moved the headquarters into the administration and engineering building connected with the plant and actually into a portion of the plant space.

Mr. DONNELLY. Would you fix a time for that, General?

General MYERS. That was the end of 1948, as I remember it. I will have to get you the exact date.

(The information is as follows:)

Movement order directs that move begin on October 1, 1948, to be completed by November 15, 1948.

So we did not have a permanent home for the Strategic Air Command. There was a great deal of indecision as to what was going to be the permanent home for the Strategic Air Command. That was one of the factors.

Mr. DONNELLY. Well, as of October 24, 1950, though, had that not been settled? Are you not talking about events prior to October 24, 1950?

General MYERS. Well, it has not been completely settled; no. It has not.

Mr. DONNELLY. What was the decision of October 24, 1950? Was that a top level decision in the Air Force with respect to the location of Globecom and SAC at Omaha?

General MYERS. Yes; that was a top-level decision that this was going to be the home of the Strategic Air Command. It was a top level decision by the Air Force, not by the Strategic Air Command.

Mr. DONNELLY. General, did your office, the Directorate of Installations, participate in that decision?

General MYERS. Only insofar as the availability of technical facilities was concerned. It was made at the Chief of Staff level.

Mr. DONNELLY. How did notice of this decision come to you? Did it come in the form of a directive or a request to consider the planning or construction there?

General MYERS. Yes; that is right. It came as a result of action by the Installations Board and approval by the Chief of Staff of the permanent location for the Strategic Air Command headquarters at Offutt and the construction of the necessary facilities there, including the headquarters building.

Mr. DONNELLY. That gets us into a request or a directive to your office to plan the construction. The next proposition is as to why there was a delay of deciding, once it was decided to build it, whether Globecom should be in the same building or in another building. Why was there a delay of 9 months there? Was that in your office or somewhere else?

General MYERS. It was between the Strategic Air Command and my office, and there was a question of the site, as to whether we should go completely off the base and across the road, and build a headquarters there or whether we should build it there in the area of our present facilities.

Mr. DONNELLY. Was the Corps of Engineers involved in the deciding of this question of siting?

General MYERS. No, sir.

Mr. DONNELLY. When was the Corps of Engineers first put on notice that they would be expected to construct something at Globecom?

Major PARRISH. May I help you, General?

General MYERS. Yes.

Major PARRISH. I was assigned as project officer for Offutt at that time, and I reported at that base October 11 for the purpose of surveying these three sites for Globecom buildings.

Mr. DONNELLY. What year, Major?

Major PARRISH. 1950. I believe your date was October 24, 1950.

Mr. DONNELLY. That is right.

Major PARRISH. Which indicates at the time this top-level decision was being made that everyone was aware at the working level we were going to have to do this.

SURVEYS MADE FOR SELECTION OF SITES FOR GLOBECOM INSTALLATIONS

General MYERS. Here is a little bit of history on this, Mr. Chairman.

By letter dated September 8, 1950, relative to site selection for the communications center, the transmitter station, and the receiver station, the Missouri River division of the Corps of Engineers was

advised by the Chief of Engineers that the Chief of Engineers and Air Force representatives would arrive at Omaha during the week of September 11–18.

Mr. RILEY. That is 1950?

General MYERS. 1950. To site the transmitter, receiver, and communications center stations. The sites were examined by aerial reconnaissance by representatives of the AACS.

Mr. DONNELLY. Would you identify that?

General MYERS. That is the Airways and Communications Service.

Major PARRISH. The Airways and Air Communications Service.

General MYERS. And SAC, the Strategic Air Command, and tentative selections were made of the Mead and Elkhorn sites for the receiver and transmitter stations.

Subsequently, on October 11–12, 1950, further aerial reconnaissance was made by representatives of the AACS, SAC, Missouri River division, and the Air Force installations representatives in an approximate 50-mile radius from Offutt to determine if there were other more suitable sites.

Then by letter dated October 24, from the Omaha district to the Missouri River division, a preliminary engineering report was transmitted and request made that firm locations be determined for transmitter, receiver, and communications center sites.

Mr. DONNELLY. May I interrupt, General? That is a letter from the district office for the Corps of Engineers asking for a firm location of the project?

General MYERS. They made a preliminary engineering report and asked for a firm location; that is correct.

Strategic Air Command and AACS were conducting investigations in this regard. Representatives of the Omaha district were advised by telephone on January 25, 1951, by a representative of the headquarters AACS as follows—

and then they gave certain information.

The sites for the transmitter and the receiver stations would be interchanged.

A reduction in size of the transmitter building and so forth.

By letter dated February 18, 1951, the Chief of Engineers transmitted to the Missouri River division approved siting for the project, and forwarded advice that AACS representatives would assist the district in design and review and approval of plans and specifications jointly with the Air Force installations representatives. The original site for the communications center was on Government-owned land on the north side of Offutt, immediately north of the aircraft manufacturing plant. This site was in consonance with the then proposed SAC headquarters site. However, at a conference of April 9–11, 1951, in headquarters USAF, determination was made that the SAC headquarters complex would be located south of the base and that the Globecom communications center would be located in that area.

Mr. DONNELLY. Does that mean a change in April 1951 from the firm siting decision of February?

General MYERS. Yes.

On May 22, 1951, SAC forwarded an approved site plan fixing the location of the communications center in the rear of SAC headquarters.

Now, prior to the 8th of September, a design directive had been transmitted by us—September 8, 1950.

Do you have that, Mr. McCloud, by any chance?

Mr. MCCLOUD. You mean a copy of the design directive?

General MYERS. No; but the date on the design directive, Headquarters, USAF.

Mr. MCCLOUD. Look on the next page:

Design of the project was authorized by letter dated September 28, 1950.

General MYERS. That is from the OCE to the Missouri River division.

Mr. MCCLOUD. No, sir; we do not have the date that we sent our design directive to the Chief's office. We can get that.

General MYERS. Off the record, please.

(Discussion off the record.)

General MYERS. I will have to get that information for the committee, but prior to September 8, 1950, we had issued a design directive on the second supplemental 1951 construction program. It was as a result of that, of course, that the engineers then transmitted it on down to the Missouri River division for this specific job and that the representatives of the Air Force, including the AACS and SAC, started out on the site selection.

(General Hardin later advised that the directive from the Air Force for initiating the design was dated September 14, 1950.)

TECHNICAL DATA NEEDED IN LOCATING TRANSMITTER AND RECEIVER SITES

Mr. RILEY. General, do you have to use any special technical data in locating a transmitter site or receiver site of this nature?

General MYERS. Yes, sir; we certainly do. Major Parrish, will you explain that?

Major PARRISH. I beg your pardon? I did not understand the question.

General MYERS. Do we have to use any special or technical data in locating transmitters or receiver sites? My answer was, "We do."

Major PARRISH. Yes, sir. That is the reason it is not normally found on a local base. The technical requirements dictate that it be moved off, for various reasons.

For example, in the case of receivers, it has to be in a noise-free location, where man-made noises are not built close to it, or around it, because of noise to the receivers. The principal reason is the large area it takes to organize and arrange the antenna farms, so that you can orient them on the desired direction you wish to receive or transmit to. Those more often run into several hundred acres.

Mr. RILEY. Does it have to be located on any terrain of any special kind, in order to get the best results?

Major PARRISH. It does; yes, sir. Of course, naturally you would want it as flat as possible, in accordance with whatever particular area you have to put it in. The flattest land is best. It is desirable to have a low ground resistance. That is the technical requirement for a good antenna farm.

Mr. RILEY. How far is this from the city of Omaha?

Major PARRISH. Which site, sir?

Mr. RILEY. The transmitter site.

Major PARRISH. The transmitter site, as I recall it, is about 39 or 40 miles.

Mr. RILEY. It is more or less in a rural area?

Major PARRISH. It is; yes, sir. It is located on the Nebraska Ordnance Depot property, United States Army-owned property.

Mr. RILEY. I was just wondering why it was such a complicated decision to cause all this delay there. I am just trying to get at some reason for it.

Major PARRISH. Well, as I was about to indicate here to the general, the decision was reached by the base master planning on these three sites about the middle of October. This change that I see reference to here in your notes being made in January, and the switch of the transmitter and receiver sites, was made specifically at the request of SAC headquarters.

The two sites would be interchangeable technically. We did that at their request. In so doing we were able to save a considerable amount of money, because we were able to reduce the size of the receiver location at Elkhorn, as you can also see, which occurred at the same time.

CHANGES IN DECISION ON LOCATION OF GLOBECOM

Mr. DONNELLY. Can we establish how many times the Air Force changed its mind, and how much time was involved in the changing of minds?

We understand first that there was a directive of September 1950. Then we go to the next, the month of October 1950. That is when there was an authorization and a directive for the construction. Then we come into January 1951, and it still had not been decided where it was going to be put. Then in February 1951 there was a firm decision as to where it was going to be put, and then that was changed in April 1951.

This information in the summary on the first page shows that the changing of minds continued for another several months, until August 1951. Is that true, General?

Mr. MCCLOUD. Yes.

Mr. DONNELLY. Why was there indecision?

General MYERS. I do not think there was indecision as to the sites after that time.

Major PARRISH. No, sir. The decision on the sites, the remote sites, I think is causing the major problem here. I think that is it. I may be wrong.

This condensation of January 25 firmly established that.

General MYERS. January 25 was the first time we established the location for the sites. From the 8th of September until the 25th of January we were making aerial surveys and investigating sites and investigating the master plan and trying to make up our minds. It was the 25th of January when the sites for the transmitter and receiver station were fixed, and then on the 18th of February—off the record.

(Discussion off the record.)

General MYERS. Prior to the April 9–11 conference the communications building and headquarters complex was going to be on the north side of Offutt according to the plan. Then as a result of the April 9–11 conference it was changed to the south side.

Mr. DONNELLY. Was it changed after that?

General MYERS. So far as I know it has not been. That is the site. That is the finally selected site. It took us from the 8th of September, if you want to put it that way, 1950, to the 11th of April to decide on the location of the communications center.

It was complicated not only by the location of the headquarters building, but by the extensions of the runways at Offutt. We had a great deal of controversy about that. It was not a simple problem; the master planning of Offutt was not simple, even after a decision had been made that it would be a permanent home of the Strategic Air Command.

Mr. DONNELLY. With respect to the indecision, there are two areas of indecision. One was where at the Offutt Air Force Base these things were to be built; and the second was the construction criteria for what was to be built.

General MYERS. That is right.

Mr. DONNELLY. I think we have exhausted that first siting problem and we can get into the second one, which is the constant change in design criteria.

CHANGE IN DESIGN CRITERIA

We find that the basic contract was February 9, 1951. That was with the Metcalfe-Hamilton Co., when they were given a CPFF contract to mobilize their construction forces and get themselves out there on the base. As of that date did the Air Force know what it wanted them to build?

General MYERS. No, sir.

Mr. DONNELLY. When did the Air Force get in a position to give them a go-ahead order on their work?

General MYERS. Major Parrish, can you help on that one?

Major PARRISH. Well, it is a rather difficult question to answer. I will admit that as far as the people who are providing the technical engineering and the communications facilities to go into these buildings were concerned we were undecided for quite a few months as to the final configuration of the type of communications we intended to put in there. I think the basic construction, the basic building layouts and so forth, were pretty well firm in the beginning, as to sizes and so forth. But due to the fact that it was necessary for the people who were doing the technical engineering to readjust their planning and engineering in accordance with transmitter, receiver and power equipment, which we could get through our procurement sources, it was necessary to interject a number of changes.

DATE OF BEGINNING OF CONTRACT COSTS

Mr. DONNELLY. When was this contractor given notice to proceed with his work under his contract of February 9, 1951?

Major PARRISH. I am not prepared to answer that.

Mr. MCCLOUD. Procurement of materials started on that date.

Mr. DONNELLY. Well, the Government's obligation to pay the contractor his administrative overhead started on that day, too, did it not?

Mr. MCCLOUD. That is right.

General MYERS. I do not know about that. How about that, General Hardin?

General HARDIN. Well, of course, on a cost-plus-fixed-fee operation you begin to pay the contractor when his costs are incurred, when he incurs any costs. I would assume that there were some mobilization charges that were incurred from the outset.

General MYERS. Was that the date of the contract; the 9th of February?

Mr. McCLOUD. That is right.

Mr. DONNELLY. That is what the Air Force has told us in writing.

Mr. McCLOUD. That is the official date of the contract. Right there [indicating].

General MYERS (reading):

> Procurement of materials has been in process since 9 February.

Well, there had been some costs, certainly, incurred since the 9th of February.

REASON FOR AWARDING CONTRACT BEFORE DECISION ON LOCATION AND FACILITIES

Mr. DONNELLY. Then a corollary to the question is: Why in the name of heaven did the Air Force award a firm cost-plus-fixed-fee contract to a contractor on February 9, 1951, if it did not know what it wanted to build, did not know where it wanted to build it and that decision was not made until the conference of April 9–11, 1951, 2 months later?

General MYERS. We were in a hurry, of course, to get this facility built. It is the main communications center in the Strategic Air Command network.

As Major Parrish pointed out, we did have the over-all plans for the building, but the fitting of the equipment into it was something that the AACS people had to furnish information on, and design data and criteria, so we hoped that we would be able to proceed with the construction and the furnishing of that criteria concurrently.

RESPONSIBILITY FOR INDECISION AND DELAY IN DECIDING ON CONSTRUCTION DESIGN AND EQUIPMENT

Mr. DONNELLY. Now, General, you are talking about the AACS people, represented by the two majors here.

In February 1951, they had to find out what kind of things were to be fitted in the buildings. Yet we find that on August 7, 1951, the AACS people still did not know what they wanted. If you will find page 2 of the write up, at a conference on that date the AACS people then wanted changes in the power building, the transmitter site, and the receiver building.

Now, where is the responsibility here? Is it in your own office, which is the Directorate of Installations, or is it in the AACS, or is it in the Strategic Air Command? Where is it?

General MYERS. The prime responsibility is in my office. We worked very closely with the Director of Communications.

Correct me again, Major Parrish.

At that time these siting teams were working directly under the Director of Communications.

Major PARRISH. That is right.

General MYERS. Headquarters, USAF siting teams and criteria teams. So we had to go, working very closely with the Director of Communications, to them to get the technical communications criteria, and the scheme evolved was that we would get going on the building of this, and that they would furnish the criteria as we went along. Now, as to the inability of the communications people to

firm up that criteria I will have to ask Major Parrish if he can explain it.

Major PARRISH. Well, I might review the history of this project as a whole here. You gentlemen are investigating one station. There were a number of stations involved in this system.

The requirement was placed by the Director of Communications on our organization to engineer all of these stations at the same time. In other words, they gave us a relative priority, of course, but a number of them were very high on that list. At that time Offutt was very high. Some of the overseas stations were very high.

I think maybe you have covered this before, but when the Korean war started the impetus to this program was transferred from a semi-peacetime operation, which would take 5 or 10 years, or maybe longer, to one of immediate implementation. That, I will be honest, saturated our engineering capabilities.

We were not prepared to give full details on all these stations in such a short time. Does that partially answer it?

General MYERS. That partially answers it.

Major PARRISH. If you want to go into the details, I have about three feet of paper here on everything that happened.

Mr. DONNELLY. Unquestionably Korea put a monkey wrench into the normal construction operations. The evidence of that has been before this committee constantly.

Here you have Korea in June of 1950. You have this design authorization in September of 1950. You have the Chinese Reds overrunning Korea in December of 1950.

But the Air Force was before Congress for the second supplemental money in December 1950, saying they needed money, and they knew what they were going to build and were going to justify it. As of February, 1951, you award a contract. As of that date you do not know what you are going to build or where you are going to build it. Actually the firm decisions were not made until August 1951, from the information that we have.

Where is the culpability or responsibility for the constant indecision and delay on the part of the Air Force in the planning?

Major PARRISH. A number of items have caused delay and later caused changes in your construction design, and were caused by the fact that that we could not be advised firmly by the Directorate of Communications of exactly what type of equipments were going to be made available to us to put into these buildings. That is clearly illustrated by the fact that on this particular station you are investigating there was considerable indecision and doubt as to the type of power-generating equipment which was going to be procured to go into the station.

The main distribution switch gear which was going to be bought to go into this station was involved. We, as an engineering agency, were not prepared to furnish details to the construction people so that they could finish the building design and construction without knowledge of what exactly was going to be furnished to our organizttion.

Mr. DONNELLY. Major, was this structure so badly needed that it was necessary to award a contract before it was actually decided as to what should be built and where it should be built?

Major PARRISH. I might say I cannot answer that because our organization did not direct the target dates for this construction.

General MYERS. Yes, sir. I would say at that time we felt that the facility was so urgently needed, the global communications system, that it was necessary. This is the heart of it, to direct the Stragetic Air Command effort. It was essential that we get along immediately with it.

Frankly, we did not anticipate—I certainly did not anticipate—the extended delays and the numerous changes that would be required as a result of the equipments to be furnished and installed. We expected we would be able to go ahead and design and construct this, and that the communications people would be able to furnish the necessary technical information as we went along, and that we would not encounter these extensive delays.

If there is any culpability involved, it rests with me.

Mr. DONNELLY. General, is the using service here the AACS?

General MYERS. The using service is the Air Force. The communications part of the Air Force is the specific agency within the Air Force that is the using service or agency.

Mr. DONNELLY. Have you encountered indecision on the part of the AACS or the Director of Communications on other projects?

General MYERS. Yes, sir.

Mr. DONNELLY. Is this characteristic of the type of information which you get from the Director of Communications?

General MYERS. It is not characteristic of the type of information we get from him, but it is characteristic of their situation at that time in being unable to furnish the necessary information.

Major PARRISH. That is true.

Mr. DONNELLY. Was it characteristic at that time of other projects?

General MYERS. Yes, sir.

Mr. DONNELLY. Both within the country and overseas?

General MYERS. I do not think we started any overseas.

Major PARRISH. Not at that time; no, sir.

General MYERS. We started Andrews about that time, is that not right? Andrews, McClellan, and Offutt.

Mr. DONNELLY. General Myers, who was the head of the Communications Service in the Air Force at that time?

General MYERS. The Director of Communications was General Ankenbrandt at that time.

Mr. DONNELLY. Who is the head now?

General MYERS. General Maude.

Mr. DONNELLY. Let me ask you this, General Myers: Since the Chief of Engineers himself, Lieutenant General Pick, saw fit in his wisdom and discretion to personally go there in the fall of 1950 to aid the Air Force in making a decision, did the Air Force feel that the project then was one which warranted consideration on the top level by top officers who had authority to make final firm decisions?

General MYERS. To answer your question I would say that the Air Force did not consider this specific project at the highest level. In other words, the Chief of Staff, so far as I know, did not get in it.

Mr. DONNELLY. Well, I would not mean the Chief of Staff. How about the counterpart of General Pick in the Air Force? That was the Director of Installations, was it not?

Mr. KURTZ. Off the record a moment.

(Discussion off the record.)

General MYERS. May I put this on the record: My previous reference to General Pick was that the directive, reference site selection, by letter of September 8, came from the Office, Chief of Engineers, General Pick, to the Missouri River division. I did not refer to a visit by General Pick to the site.

Mr. DONNELLY. Who was the officer in the Corps of Engineers who actually was active in making the determinations necessary for this project?

General HARDIN. Well, it would be the district or division. I am sure that there was nobody from our office who would ordinarily go at this stage of the proceedings. We would furnish the design and construction directive to our division and district.

(General Hardin later advised that no one from the Office of the Chief of Engineers participated in the initial reconnaissance at the time the directive was issued to the field on the site selection and survey.)

General MYERS. So far as the Air Force is concerned, the Strategic Air Command was the one responsible for the siting and the master planning and so forth of the facilities, including this, on their station. They had a communications man from the Strategic Air Command who was working with the AACS on the technical part of it.

Mr. DONNELLY. General Myers, I do not think there is any mystery or secret about this proposition, because our people encountered it throughout all the areas of the country; that the people who have to do the building, the Corps of Engineers, and even the Air Force installations representatives, are constantly confused by changes of mind here in Washington, and that has had a very, very detrimental impact on construction economy and even orderly construction operations.

I think that has been pretty generally true, from what we have seen. Now, when you get a hard nut like this to crack, why did not somebody from the Pentagon here, with authority, get the thing settled quickly, instead of dragging it out from September 1950 to August 1951? If you had to do it over again, would you do the same thing, or would the thing have gotten decided?

General MYERS. All I can do is agree with you. That should have been done. That has been brought very forcibly to my attention, not only on this case, but many others, that the major commanders were not brought into the picture to solve a tough nut like this at the right time. In other words, it was handled at too low a level, and the people who could have taken the ax and cut off some heads and said, "Here is the way it is going to be," were not brought into the picture soon enough in many cases.

All I can do is plead that that is a mistake that we made.

CHANGE IN SITING OF RECEIVER BUILDING

Mr. DONNELLY. Now, with respect to the cost attendant upon that situation, we have here only one illustration of the Globecom project, and that is this one building, the location of the receiver building, where the cost is an extra $80,000 because the building was built 500 feet from the site first selected. Do you know whether the officer who actually made the decision to put this building at a site where it had to be put on piles was an officer acquainted with engineer condi-

tions, or was he just some Air Force communications officer who said, "I would like it over here better," without regard to the construction problem?

Major PARRISH. The initial siting of that building was made by me, and I am not an engineering officer.

Mr. DONNELLY. Who moved it the 500 feet away, where it had to be put on piles and had to have 100,000 to 150,000 yards of fill?

Major PARRISH. I have no knowledge of that.

General MYERS. It was probably our Air Force installations representative, and the Corps of Engineers.

Mr. MCCLOUD. Here [indicating] is something on that, General.

General MYERS (reading):

> The initial tentative site selected for the receiver building located the building at approximate ground elevation 1,278. When technical requirements for location and elevation of rhomvic antennas became known, the AFIR and the Omaha district engineers visualized the excessive fill required (estimated 150,000 cubic yards) to position the building with floor elevation at 1,295 in proper relationship to the antennas. This was discussed in a telephone conversation on January 25, 1951, between representatives of Omaha district and headquarters, AACS, and it was tentatively agreed to relocate the receiver building approximately 500 feet northward to ground elevation 1,285, thus requiring an approximate 9-foot fill (total fill required 50,000 cubic yards) to obtain the required floor elevation of 1,295 in the building. An alternate site was considered to locate the building on still higher ground, thus requiring less fill, but was rejected for the following reasons:
>
> (*a*) Substantial grading, cut and fill, would then be required for the antenna sites, since the location of the antennas on level sites at the same elevation is of primary importance from a technical standpoint; (*b*) revised real-estate acquisition including taking of a set of better-than-average farm improvements would be required at an estimated additional real-estate cost of $35,000; and (*c*) taking of these improvements might require condemnation with consequent construction delays. It was considered in the best interest of the Government to resite the receiver building as noted above, and siting was approved and construction accomplished on that basis. The building was founded on compacted fill and no piling was required except a small amount of piling under the stand-by generator bases required for structural purposes to transfer the concentrated loads involved to undisturbed soil.

That resiting was done, as I said before, by our Air Force installations representative and the Omaha district engineer, who were engineers.

Mr. DONNELLY. There is some mention there of condemnation of farm land. Was there not enough area there in the Nebraska Ordnance Plant for the location of this, without going outside the Government land?

Major PARRISH. There, again, you enter into the technical requirement. This station was scheduled to have some 9 or 10—this is from memory—10-kilowatt transmitters. The width of that Nebraska Ordnance Plant is about 5 miles, if I am not mistaken. Therefore, it is not technically feasible to locate that high-powered a transmitter that close to your receiving station.

REASON FOR SELECTING COST-PLUS-FIXED-FEE CONTRACT

Mr. DONNELLY. The last question I have on this phase of the Globecom is: Why was the CPFF contract selected? Why was this work not done on a competitive-bid basis, with a formal contract?

General MYERS. Because we did not have the plans. Because we did not know what we wanted to build.

We did not have firm plans—let me put it that way—on which we could base a bid.

Mr. DONNELLY. That is all I have.

Mr. RILEY. General Myers, I want to commend you for your frankness with regard to this installation. I want to assure you that the committee appreciates the frankness of the services in discussing these things; and when you do not have any reservations you certainly make a better impression on me. I am always suspicious of anybody who does not make mistakes.

General MYERS. Thank you, sir.

Mr. RILEY. When you make them, let us admit them and correct them.

General MYERS. It is the only thing we can do, sir.

Mr. RILEY. As I said at the beginning, when we started these hearings, we wanted to find out just where the confusion and mistakes had been, and try to evolve out of that a policy where we can get the best value for the least money. We certainly cannot do that unless we find out just what the trouble has been.

Mr. Furcolo?

Mr. FURCOLO. I have a couple of questions, but first, let me say something off the record.

(Discussion off the record.)

RESPONSIBILITY OF CORPS OF ENGINEERS TO MAKE TECHNICAL RECOMMENDATIONS

Mr. FURCOLO. I wanted to ask the people on that side of the table this question: Once the general site has been determined, which is then turned over to the Engineer Corps, they then build on that general site?

General MYERS. Yes, sir.

Mr. FURCOLO. Is that right, General Hardin?

General HARDIN. On a technical facility like this, we put it where they tell us to put it. Globecom communications are a highly technical matter, so far as the communications equipment and its operation are concerned, and we have no choice in the matter, except to put the buildings where they decide they want them.

Mr. FURCOLO. That is what I wanted to get to. I gather from some of the statements which are made on page 2 of the report the staff filed that apparently a great deal of time, money, and material could have been saved if, perhaps, this had been done a few hundred yards one way or another. Have you seen that statement?

General HARDIN. Yes, sir; I noticed that paragraph, about having to build up the site.

Mr. FURCOLO. I do not know whether the technical details there are accurate or not, but what I do want to find out is this: Assume you had been given an order by the Air Force to build this highly technical building on a certain site and at a certain place, and further assume that you—by "you" I do not mean you personally; but I mean the engineers—look the site over. Would there not be some sort of duty upon the engineers to in effect say: "Perhaps you have to have it right on this plot of ground here, but if it is possible for you to move it 300 feet away or 500 feet away you can eliminate a good many of these engineering difficulties."

Would the engineers not do that?

General HARDIN. Yes, sir; they would.

Mr. FURCOLO. Do you know whether or not they came into the picture any place along here and made some such recommendation?

General HARDIN. I do not know that they did, but I would have to assume that they, together with the AFIR, were fully familiar with what the construction requirements were for that particular site.

General MYERS. May I help you there, sir?

General HARDIN. Yes.

General MYERS. I believe I tried to make that clear before. They did.

The Omaha Corps of Engineers District and our Air Force installations representative, who works right in that district, when they found the location and technical requirements, did that. The fact that it was going to require excessive fill, estimated at 150,000 cubic yards, was mentioned. They got in touch with the Headquarters, AACS, and made this change.

Mr. FURCOLO. I see. That answer, then, General, applies to a question I had in mind generally, and not so much for this particular case. However, I was interested in finding out whether the engineers simply go ahead on a situation such as this, or do give the benefit of their advice—perhaps it might be gratuitous advice—to others.

General HARDIN. That is our duty.

Mr. FURCOLO. They do?

General HARDIN. Yes, sir.

General MYERS. We have an understanding on that; and it is in writing, actually.

General HARDIN. Yes.

General MYERS. Even if the Air Force makes a mistake, it is the duty of the engineers to call that mistake to our attention. Then we evaluate it, and if we still have to have it, due to technical requirements, we tell the engineers, and they go ahead and build it, of course.

Mr. FURCOLO. The only other thing I was interested in at this time is this: Of course, hindsight is always better than foresight. Having in mind everything that happened in this particular case, have you had the benefit of that experience enough so that any of those pitfalls can be avoided in future construction?

General MYERS. Yes, sir. Of course, one of the things Mr. Donnelly mentioned is getting the major commanders in, and the people who can make the decision on these tough ones early. We have definitely brought that one to a head, and are doing it.

Specifically, on these global communications, I have talked to the Director of Communications. I have gone over the whole program, which was a very large one. This was only the beginning of it. We have pinpointed the criteria and everything else. That is one thing we have worked out.

My question to him was: "Are you going to change this any more?" And he said: "On a stack of Bibles, I will not." We have the global communications program firm, I hope. But you must recognize, sir, there will be some minor changes; but certainly nothing like this.

Mr. FURCOLO. There are bound to be, but in general there is a certain pattern to which you must conform, and there are certain channels you have to go through.

Is there anything faulty in that over-all pattern and in the normal channels that you have to go through, so that you would say: "Well, we are bound to make certain mistakes in the future because we have to do this or have to do that"?

General MYERS. I am not sure I get your question exactly, sir.

Mr. FURCOLO. Apparently in this case—I suppose there may be others in the future—someone in higher authority decides they are going to have some such installation. Then that is channeled down either to your office, or from your office it is channeled some place else. Then some place along the line the Corps of Engineers comes into it. Some place along the line the AACS comes into it.

I suppose if there are any future installations of this kind that same general pattern will prevail.

General MYERS. Yes, sir.

Mr. FURCOLO. What I am interested in is this: Is it your position that that general pattern is the best one in the long run, or that you perhaps could do better work and effect better economies and avoid some of these mistakes which were made if there were some change in the general over-all pattern?

General MYERS. Well, sir, we have a study under way now as to whether our present pattern of these Air Force installations representatives or a pattern whereby the major commands will provide all of the control over our construction, is the better one. Personally, I believe that we do have the better plan.

As I said before, in certain areas—and it is well defined as to what each echelon in the chain has to do and when it has to do it—we have to call in technical people like the communications people, or like the surgeon. They are the ones who have to furnish the criteria both to us and to the engineers.

I think that our present method and system is about the best we can evolve at this time.

Mr. FURCOLO. I have just one other question. Apparently there was some question as to whether or not the Communications Center Building would be incorporated in the Headquarters Building or in a separate structure.

General MYERS. Yes.

Mr. FURCOLO. Was that because this base was peculiar, or is that a question which arises on all such bases?

General MYERS. That is peculiar to this base.

Mr. FURCOLO. I see. That is all I have.

Mr. RILEY. Mr. Davis?

AUTHORITY OF CHIEF OF ENGINEERS TO MAKE DECISION ON AWARDING COST PLUS FIXED FEE CONTRACT

Mr. DAVIS. Who had the authority at the time this contract was let to make the decision that it should be done by a cost-plus-fixed-fee contract?

General MYERS. That was the Chief of Engineers.

General HARDIN. Yes. We had that authority.

It was not until this year, this fiscal year, that there was any prohibition against using cost-plus-fixed-fee operations as a means of contracting for work. Now, as I pointed out some time back, it is necessary for the Secretary of Defense to authorize the use of cost-

plus-fixed-fee contracts for money out of the second supplemental, fiscal year 1952, but it does not apply to other appropriations.

Mr. DAVIS. Who actually did make the decision to let this contract on a cost-plus-fixed-fee basis at the time it was let?

General HARDIN. Do you mean the office, or the person?

Mr. DAVIS. Let us get the office, first.

General HARDIN. I would have to look up the construction directive to tell. Sometimes it was in the construction request from the Air Force, that they asked us to proceed on a cost-plus-fixed-fee basis, because of the lack of plans, hoping that construction operations could go on concurrently with the development of detailed construction plans.

I do not know what the case was in this instance. We can find out by telephone.

Mr. DAVIS. Let us get that, as to whether that was a decision made by some individual officer in the Corps of Engineers, or whether it was that he did it in accordance with instructions that were given to him. Then, if the latter is true, I think we had better find out who gave the instructions and whether those instructions were for this specific case, or whether it was a general policy which was being followed at that time.

General HARDIN. Well, of course, as indicated by the summary which we have given you, of all the cost-plus-fixed-fee contracts that we ever let for the Air Force, you can see that it was limited to those instances where there was some compelling reason behind it. We did not use cost-plus-fixed-fee operations for the Air Force broadly. The summary would so indicate that. It was largely in those cases where there was great urgency behind it, the overseas work, or in the United States where there was some need for a facility, where plans could not be prepared in advance, and the construction was to take place concurrently as the plans were developed.

Mr. DAVIS. The reason for attempting to pin-point all the circumstances surrounding the letting of such a contract in this particular case is because we do have the testimony in the record here that this method was used because the decision had not been made as to exactly what was wanted here. In other words, there was not any basis for letting the contract on the basis of either negotiation or on a bid contract. I think that is a fair statement of the testimony.

Because that situation was so fluid and indefinite, this cost-plus-fixed-fee contract just throws the whole burden for that indefiniteness on the Federal Government. If all those specific circumstances can be put into the record at this point, I think then we can decide just where the responsibility would lie.

General HARDIN. Yes.

General HARDIN. Mr. Davis, the information which you requested I have taken from our files.

AUTHORITY RESPONSIBLE FOR AWARDING COST-PLUS-FIXED-FEE CONTRACT

I find that on February 7, 1951, a teletype was sent to the Missouri River Division at Omaha reading as follows:

Re your teletype January 25 requesting authority to negotiate cost-plus-a-fixed-fee contract for work in connection with Job No. Offutt Air Force Base A–51–1 to meet required completion date of June 30, 1951. Confirming telecon between

Kuhn your office and Winn this office, you are authorized to negotiate cost-plus-fixed-fee contract $1,300,000 being made available at once. Determination and findings for use of CPFF contract will follow.

Mr. DAVIS. That is signed by whom?

General HARDIN. Colonel Galloway, Chief of the Construction and Operation Division, Office of Chief of Engineers.

Then there is a letter dated February 1, 1951, subject, Construction Contract for Global Communications Station. This is to the Chief of Engineers and from the Air Force:

This will confirm telephonic approval given January 30, 1951, to Mr. Suter, of your office, by a representative of this Headquarters on a cost-plus-fixed-fee construction contract for subject project estimated at $1,300,000 exclusive of fee contingencies and Government overhead.

2. That action is predicated upon copy of the attached message from Missouri River division addressed to your office and dictated over the telephone to this headquarters. Completion date of June 30, 1951, referred to in reason No. 3 of reference message must be met. Arrangements should be made with the prospective contractor to schedule construction accomplishment in a manner to achieve a beneficial occupancy target date as soon as possible and substantially prior to June 30, 1951.

It is requested that this headquarters be advised of the final determinations of cost-plus-fixed-fee contract consummated.

That is signed by J. D. Lang, lieutenant colonel, Corps of Engineers, USAF, for the Director of Operations.

Another paper that bears on this same subject is dated February 15, and this is a determination and findings of contracting. This is signed by General Pick, the Chief of Engineers, and is the routine record which is provided when a cost-plus-fixed-fee operation is entered into. It says as follows:

I hereby find that:

(*a*) The Corps of Engineers proposes to procure services for construction of certain facilities at Offutt Air Force Base.

(*b*) The estimated cost of the proposed procurement is approximately $1,300,000.

(*c*) The use of cost-plus-fixed-fee contract is the most practicable and likely to be the least costly method of constructing, because in order to meet the completion date requested by the Air Force, that is, June 30, 1951, construction will be necessary in advance of completion of plans and specifications.

2. Upon the basis of the findings set forth above, I hereby determine that pursuant to section 4 (b) of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Cong.) and paragraph 3–408 of the Armed Services Procurement Regulations, that the use of a cost-plus-fixed-fee contract (*a*) is likely to be less costly than other methods of contracting, or (*b*) that it is impracticable to secure services of the kind and quality required without the use of a cost-plus-fixed-fee contract.

Does that cover the field sufficiently?

Mr. DAVIS. Then the answer to my question this morning as to where the responsibility lay for the decision to proceed on a cost-plus fixed-fee basis, at a time when the desires of the Air Force were too indefinite to proceed on either a bid or a negotiated basis, would be in the office of the Chief of Engineers. Is that correct?

General HARDIN. No, sir; I cannot agree with you on that, because you have qualified it to a degree that I do not think is in keeping with the directive that was given us to perform under.

We were told that this facility was to be completed by June 30 and they said that this completion date must be met. Upon the recommendation of the district engineer that in order to comply with this directive a cost-plus-fixed-fee operation was recommended, the Chief

of Engineers approved that procedure. At that time these qualifications about the lack of plans and the indefinite nature of the work was not known.

RESPONSIBILITY FOR FIXING OF COMPLETION DATE

Mr. DAVIS. Maybe we will have to ask the Air Force this, then: Who set that time of a target date, issued instructions to the engineer that that target date should be met, without knowing just what was desired?

General MYERS. Have you got the paper, General Hardin?

That was in my office, in the Director of Installations, in conjunction with the operations and communications people who established that date. The directive came from my office.

As I explained before, at that time we did not anticipate all the troubles that we were going to encounter in siting this facility and in furnishing the criteria for the technical part of it.

The June 30, 1951, date certainly was one that was not possible of obtaining under the conditions that we actually encountered.

Mr. McCloud points out that the date was predicated on our completing definitive drawings for the buildings and having them available by the 9th of November, 1950, having beneficial occupancy on February 1, 1951, and completion July 1, 1951. We did not even come close to meeting that November 9, 1950, date.

Mr. DAVIS. Off the record.

(Discussion off the record.)

Mr. DAVIS. Would you say then that the technical people for whom this was primarily being built had failed to advise you of the complicated nature of this installation?

General MYERS. No, sir. They had. We were thoroughly aware it was a complicated installation. I was not aware, as I said before, that the communications people were not going to be able to firm up the criteria. We understood that they were. It was my understanding with them. I talked to General Ankenbrandt, not about this specific place, but about the design for the buildings. We had a question of whether or not the building would be completely fireproof or not, and we worked together personally on that. A portion of it was to be fireproof and another portion would not necessarily have to be fireproofed. I had no idea of the delays we would encounter. I do not think he did at that time, either. He did not anticipate them.

Mr. DAVIS. Very generally, General Myers, what checking was done by your office with the technical people to assure that—to put it in the vernacular—the deal was still on for a June 30 completion, before you proceeded to let the contract in February?

General MYERS. Well, we had constant contact, almost daily, with the Director of Communications in the Pentagon and Strategic Air Command Installations representative, and the Strategic Air Command Communications, and the ARIR at Omaha. As far as I know there was no specific determination made at any time that the deal was not still on or was off. We still required the facility at the earliest possible time.

I think it was apparent as time went on, to everyone, that we could not meet the July 1, 1951, date. But there was no relaxation in the need for getting the job done as quickly as we could.

Does that answer your question? We were in constant touch with it.

Mr. DAVIS. At no time prior to the actual letting of the contract did General Ankenbrandt then inform you that he was not in a position to proceed at a rate that would make this July 1 deadline a practical date?

General MYERS. I would have to check that, sir. He did not inform me of that personally. But I would have to check that with the people in my office who were working with the communications people on it to give you a specific answer.

Mr. DAVIS. Is it fair to say that if you had received such information, the probabilities are that you would not have let this contract in February?

General MYERS. If I had known what I know now, we would not have let it; yes, sir.

Mr. DAVIS. When you said that you would have that checked, may I assume then that you will put a sentence in the record indicating the result of that check?

General MYERS. Yes, sir; I will.

(The information is as follows:)

Mr. MCCLOUD. The checks as previously indicated by General Myers were almost daily contacts and it was definitely known by the communications people that the facility would not be completed by July 1, 1951. It was needed as soon thereafter as possible. After the work started a new tentative date of November 1951 was established but subsequent delays in equipment delivery and changes in electronic design further delayed completion of the project. Cost overruns which the Air Force was not able to immediately finance were also responsible for a part of the additional delay and the project is now scheduled for completion on July 1, 1952.

General MYERS. If you want some more information on the reasons behind the troubles in siting the headquarters and the communications, General Washbourne will remember it from that end, I believe.

Mr. DAVIS. Off the record.

(Discussion off the record.)

Mr. DAVIS. Going on the record, General, I will try to pick up some of those things.

CONTEMPLATED ACTUAL CONSTRUCTION TIME

Do you have a present recollection, General, as to what was the contemplated actual construction time of that receiving station? Is that what you call it?

General MYERS. It was the Global Communications facilities.

Mr. DAVIS. All right, of the Global Communications facilities.

General MYERS. The original concept was based on the definitive drawings for the buildings, that is, the communications facility, being available on or about November 9, 1950; the beneficial occupancy desired on February 1, 1951; and the completion of the construction July 1, 1951.

Mr. DAVIS. On what date did construction actually get underway?

General MYERS. The procurement of materials was in process since February 9, 1951. Actual construction was started on the Elkhorn site, the first one, on March 15, 1951.

Mr. DAVIS. What is the status of that construction as of this date?

General MYERS. This is approximately 98 percent complete, and it was accepted for limited beneficial occupancy on February 25, 1952.

Major items of work remaining are the installation of switchboard panels and the emergency power generator units. That is the receiver site at Elkhorn.

Mr. DAVIS. Based on that experience, would you say that the July 1, 1951, original target date was a realistic date?

General MYERS. In the light of events that transpired since December 1950 I say that it definitely was not a realistic date. However, it was one that we hoped we would be able to meet at the time.

QUESTION AS TO REASON FOR ATTEMPTED COMPLETION BY JULY 1, 1951

Mr. DAVIS. Would you say that this instance was a reflection of the then prevailing attitude of attempting to get everything possible committed prior to the end of that fiscal year?

General MYERS. No, sir; not directly. As I have said before, it was primarily to get the work done as rapidly as we possibly could—this Global Communications Center being, if not the most important, certainly one of the most important items we had to construct and get in operation to further the Strategic Air Command effort.

The fact that a July 1, 1951, completion date was set, I think in this case was incidental to the issue. However, as I have said before, we did at that time have a great deal of pressure from within the Air Force and from Office Secretary of Defense and from all sources to get our money committed and obligated just as quickly as we possibly could and to get it done and get the best possible showing in the fiscal year.

Mr. DAVIS. Which may have accounted for some of the hurry to get the contract let. Or would you not say that entered into it?

General MYERS. I do not think in this case it did enter into it, because as far as obligations is concerned, if the contract had been awarded anytime prior to the end of the year, it would have shown in obligations. This was a case of getting the work underway as quickly as we could and getting the facility as quickly as we could, and July 1 was a completion date for the facility, not for the obligation of the money.

Mr. DAVIS. Would your figures be in shape to show the actual amount paid out to the contractor under the cost-plus-fixed-fee contract prior to the date when construction actually got under way?

General MYERS. I am sure that we do not have those figures. General Hardin would have to get those.

General HARDIN. Yes; we would have to get them.

Mr. DAVIS. Off the record.

(Discussion off the record.)

Mr. DAVIS. The information that might be demonstrated by those figures is already sufficiently in the record, and I hardly think it would warrant the work that would be required. So we will forget that.

That is all I have.

AVAILABILITY OF CONTRACTORS FOR PROJECT

Mr. RILEY. General, are the contractors for this type of installation, for putting in transmitters, somewhat limited; or are there a number of contractors in this particular field who are now available?

General HARDIN. Oh, there would be a number of contractors capable of performing this kind of work. The main problem in constructing a facility of this kind is the building and having the information about the installation of equipment. The equipment is generally self-contained, and not much of an installation problem from the contractor's standpoint.

Mr. RILEY. There would be no reason, then, for selecting any particular contractor if it had been let on bid, provided that you had had proper plans and specifications formulated in advance?

General HARDIN. That is true; yes, sir.

Mr. RILEY. Thank you.

General HARDIN. Mr. Donnelly, on that other question, we did have no one who went out on this initial reconnaissance at the time the direction was issued to the field on the site selection and survey.

Mr. DONNELLY. That was in September and October 1950?

DATE OF AIR FORCE DIRECTIVE FOR INITIATING DESIGN

General HARDIN. Yes; the other information was that the directive from the Air Force for initiating the design was dated September 14, 1950, and it covered several sites other than this one at Offutt. The other sites were Andrews, Fairfield, and MacDill.

(Discussion off the record.)

Mr. RILEY. Thank you, gentlemen, very much for giving us this information.

Major PARRISH. Thank you, sir.

CONSTRUCTION OF STRATEGIC AIR COMMAND METAL BARRACKS AT OFFUTT AIR FORCE BASE

Mr. DONNELLY. Mr. Chairman, in its summary of Global Communications project at Offutt Air Force Base the staff included at the end some suggestions with respect to a type of Air Force barracks known as the SAC metal barracks. Now, we have information to the effect that the SAC barracks have been erected only in two places, in Omaha and Barksdale, La.

With respect to the SAC barracks, we have here an actual case where a bidder has bid on the basis of the SAC barracks and, in the alternate on the basis of the conventional dormitories for airmen, and the project is for the Rapid City Air Force Base.

DATA RELATING TO AWARDING OF CONTRACT FOR SAC BARRACKS

In order to provide a backdrop for the presentation by the Air Force of the pros and cons of the SAC barracks, I wonder if there might be inserted in the record at this point the memorandum of April 18, 1951, dealing with the Rapid City Air Force Base barracks problem, and the communication from General LeMay to General Twining on this subject.

Mr. RILEY. Without objection those will be included in the record.

(The documents are as follows:)

AWARD OF CONTRACT FOR AIRMEN BARRACKS, RAPID CITY AIR FORCE BASE

APRIL 18, 1951.

Through: Chief of Staff, D/MAT.
Air Installations Officer: Col. Washbourne/tg/2240.

1. *Advertised program.*—On March 23, 1951, the Omaha district engineer advertised for the construction of airmen's barracks at Rapid City Air Force Base, estimated to cost as follows:

(*a*) 700 airmen barracks, at $2,050	$1, 435, 000
(*b*) 300 airmen barracks (including mess) at $2,050	615, 000
(*c*) 250-man (estimated) security barracks, at $2,050	590, 000
Total, 1,250 airmen barracks	2, 633, 000

2. *Bids received.*—On April 11 when the 30 bids were opened by the district engineer, it was found that the apparent low bidders had offered the following prices:

(*a*) SAC steel barracks, 4 buildings for	$1, 380, 000
(*b*) Wood-frame construction, 17 units for	1, 751, 000
(*c*) Concrete block construction, 17 units for	1, 836, 000
(*d*) Tile construction, 17 units for	1, 853, 000

On April 18, 1951, after consultation with the Chief of Engineers, the district engineer at Omaha awarded the contract to the second low bidder for wood-frame construction at the bid price of $1,777,465.

3. *Rejection of bids for SAC barracks.*—Under the above invitation, five of the bidders submitted alternate proposals for the construction of the SAC-type steel barracks at Rapid City. These proposals were submitted under alternate III of the invitation which allows bidders to propose and submit their own plans and specifications. These five bidders were assisted in preparing their proposals by representatives of the Installations Division, Hq SAC, who furnished them copies of the specifications, drawings and plot plans for the SAC-type barracks, after making informal arrangements with the Omaha district to receive proposals under this paragraph of the invitations. The district engineer rejected all five alternate proposals, although they were low in aggregate cost, for three reasons: (*a*) They were not adjudged to be responsive to the solicitation, (*b*) the completion date for steel barracks was considered unacceptable, and (*c*) the 25 other bidders strongly protested because the Air Force had not contacted them and furnished bidding material on the SAC barracks. The district engineer stated that his rejection of the bids for the SAC barracks was tentative, expecting that, if Headquarters USAF had protested strongly, he would reject all bids for the barracks at Rapid City and readvertise with the SAC barracks formally in competition with the USAF lay-outs.

4. *Completion dates.*—Before rejecting the low bid of these five bidders, the Omaha district engineer verified the steel delivery program proposed by the low bidder. The supplier of the structural steel stated that, with a defense order priority (D. O. 22), he could deliver steel not earlier than September 1951 and that the completed structures could not be ready before January 1952. Without a defense order, no definite delivery date for structural steel was even offered. By contrast with the January 1952 completion date for the SAC steel barracks, the low bidder for wood-frame construction proposed the following completion schedule:

(*a*) Beneficial occupancy of 4 units by June 30, 1951
(*b*) Completion of 14 units, September 15, 1951, and
(*c*) Completion of all 17 units plus job clean-up, December 15, 1951.

The district engineer considered himself justified in rejecting the SAC barracks solely on the difference in completion dates, but was willing to depart from the OCE directive if Hq USAF had strongly recommended acceptance of 1952 completion. Instead, both the D/Instls and OCE representative strongly condemned the acceptance of alternate proposals on the SAC barracks, and agreed between them that the district engineer at Omaha had acted without proper authority. When the Sr. USAF representative at MRD disclaimed responsibility, the SAC delegation (especially AIO) received a scolding from D/Instls.

5. *Method of evaluation of bids.*—Reference paragraph 2 above, the low bid on the SAC-type barracks was substantially lower than the low bids for other materials using the USAF lay-out of 17 units. On the basis of cost per man, the 4

buildings of SAC barracks would have cost 15 percent less than the 17 wood-frame units using the USAF lay-out. There would have been a further saving of $100,000 by combining the mess halls. However, based on cost per square foot, the bid, for the SAC barracks was approximately 10 percent higher than the bid for wood-frame construction ($10.08 against $8.04). At the construction conference at Hq USAF, Thursday April 12, the senior OCE representative (Colonel Weinert) formally queried the USAF Director of Installations (General Timberlake) regarding the basis for evaluating barracks bids, pointing out that the SAC barracks contained only two-thirds the gross floor space of the USAF lay-out and might reasonably be expected always to be lower on a cost per man basis. General Timberlake replied that the evaluation would definitely be made on the basis of cost per square foot of building. He further stated that this point had been discussed at length in a recent meeting of the USAF Installations Board and that the method of evaluation he gave Colonel Weinert had been specifically prescribed to him by that Board. Colonel Weinert stated that his office would so instruct all the district engineers. It was generally agreed that the SAC barracks would probably compete unsuccessfully on that basis. It is reported that this decision was communicated to the Omaha district engineer by telephone April 13, constituting a "green light" for him to award for wood-frame construction and make final rejection of the SAC-type steel barracks. Details of the evaluation methods are enclosed (incl. 1).

6. *Use of extra funds for additional barracks.*—It will be noted that the funds programed for the 1250 airmen at Rapid City totaled $2,360,000, whereas the low bid was awarded for $1,777,465. This leaves an apparent balance of $852,522, half of which will cover the 2 mess halls. Also, from this sum will have to be deducted the Government engineering and overhead costs of 9 percent and withheld for contingencies—another 6 percent, thus leaving an uncommitted balance of perhaps $200,000. The use of this balance to pay for additional troop barracks at Rapid City cannot be approved for two reasons: (*a*) the authorization of these barracks by Congress specifically stated the exact number to be built and this number cannot be exceeded without further Congressional approval, and (*b*) furthermore, the over-all cost of the fiscal year 1951 construction program is overrunning appropriations and the Director of Installations has instructed the Chief of Engineers to recall for reallotment any balances resulting from low bids and construction costs which are less than the amount appropriated. General Timberlake and General Myers both expressed this point very strongly at the beginning of the construction conference at Headquarters USAF on April 11, when they assured OCE that no Air Force projects need be curtailed because of costs beyond the amount initially estimated.

7. *Authority to award.*—The district engineer at Omaha has complete and final authority to make awards on contracts of this size and character. He conferred with General Shingler, the division engineer, and referred his intentions to OCE in this instance to afford Hq USAF a chance to furnish additional guidance on the matter of accepting the SAC-type barracks in the present program. When none was forthcoming on April 12, the Assistant Chief of Engineers for Military Construction advised him by telephone on April 13 to award to the low bidder for wood-frame construction. In this connection, the district engineer recommended acceptance of the higher bid for tile construction at an increased cost of $102,000. This proposal also was reportedly referred to the Director of Installations who ruled adversely on the recommendation.

8. *SAC stations qualified for steel barracks.*—At the conference on April 11, General Timberlake read extracts from a letter from General Pick which stated that Barksdale is the only SAC station qualified in the present program to have the SAC type barracks advertised in competition with the USAF lay-out. (Offutt AF Base has already been authorized to advertise the SAC barracks as an alternate to the three-story concrete frame by previous directives.) Therefore, despite the repeated efforts of Hq SAC, the only two stations qualified to bid for the SAC-type barracks in the fiscal year 1951 program are Barksdale and Offutt, both of which have already been approved for three-story concrete barracks. The advertising and award on the SAC steel barracks at these two stations may actually result in a disadvantage to this command as far as the quality of the finished construction is concerned. Except for these two stations, as matters now stand, no other SAC base is authorized to have the SAC barracks advertised in competition with the two-story wood-frame specified as a standard USAF lay-out. However, Hq USAF has directed OCE to redesign the standard barracks using the SAC floor plan. This new lay-out is expected to be authorized as an alternate to the USAF lay-out on those SAC bases having troop barracks in the

fiscal year 1952 program. This authority is limited to SAC, on the understanding by the Director of Installations that the other major air commands have not requested and do not want the SAC floor plan on their bases. It is doubted that the Director of Installations is properly informed on this.

9. *10-year standard barracks for Lake Charles.*—The SAC barracks is not authorized for use at Lake Charles because the barracks is classified as 25-year life (AF permanent), whereas construction at Lake Charles is limited to 10-year life. OCE is now designing a variation of the USAF lay-out having about 135 square feet of gross floor space per man for use at Lake Charles. It apparently represents a very sensible compromise between the two floor space allowances, and can be expected to be built at Lake Charles for substantially less than the $9 per square foot which the USAF frame lay-out is now costing.

10. A suggested message to the Vice Chief of Staff on the elimination of SAC barracks from the bidding at Rapid City is enclosed.

LEE B. WASHBOURNE,
Colonel, USAF, Air Installations Officer.

[UNCLASSIFIED]

COMGENSAC.

CSUSAF, Washington, D. C. Routine X.

CG 11889. For Twining from LeMay. Bids for Rapid City barracks opened Omaha district April 11, apparently proved my point that the SAC-type barracks provide better housing for less money. Steel barracks for 1,225 airmen were bid to us for $1,380,000, whereas the low bidder on USAF lay-out for wood frame construction for same number of airmen was $1,736,000, a monetary saving of approximately 20 percent. Understand bids for steel barracks rejected by district engineer for combination of reasons that bids were not properly responsive, delivery dates for steel excessive, and district was without formal authority to accept proposals for steel barracks. Am also informed that your headquarters instructs OCE to evaluate barracks bids on basis of cost per square foot rather than cost per airman. This decision obviously adverse to SAC barracks and I doubt that Air Force obtains increased value commensurate with 50 percent additional gross floor space in USAF lay-out. Appreciate your letter of April 4, regarding my bid for SAC barracks at Limestone and your personal support of this headquarters effort to achieve better troop housing for funds expended.

Colonel WASHBOURNE/mf/ APR 181330.

Mr. DONNELLY. General Myers, if the Air Force had a choice as to whether it could build SAC barracks as against a conventional airmen's dormitory, what would the Air Force's choice be?

General MYERS. The Air Force's choice would definitely be the SAC-type lay-out.

DESCRIPTION OF SAC BARRACKS

Mr. DONNELLY. Would you describe the SAC-type lay-out for the benefit of the committee?

General MYERS. Yes, sir. We have some charts on this. I should have brought them over, sir.

Mr. DONNELLY. May the charts and other form of visual presentation to which General Myers is referring be printed in the record at this point?

Mr. RILEY. Without objection they will be printed here.

(The material is as follows:)

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ECTS AND 1952

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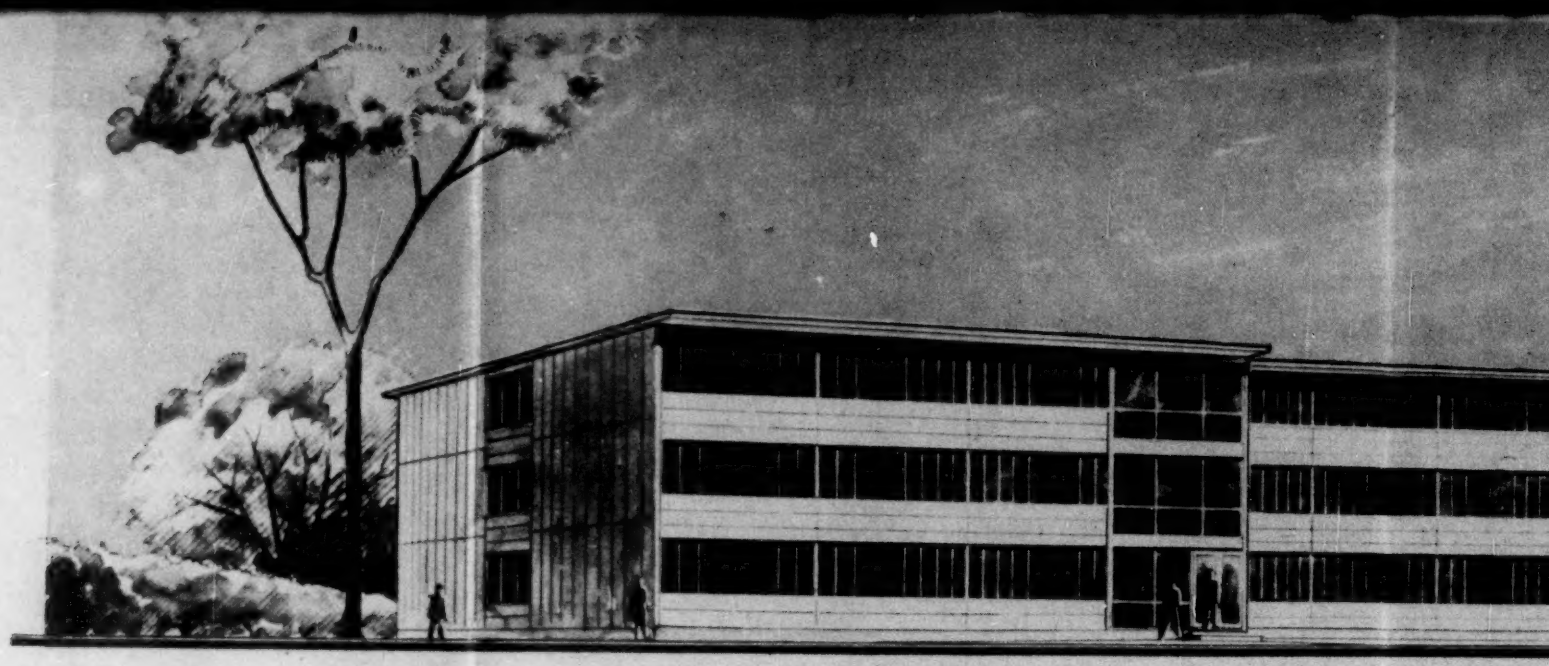

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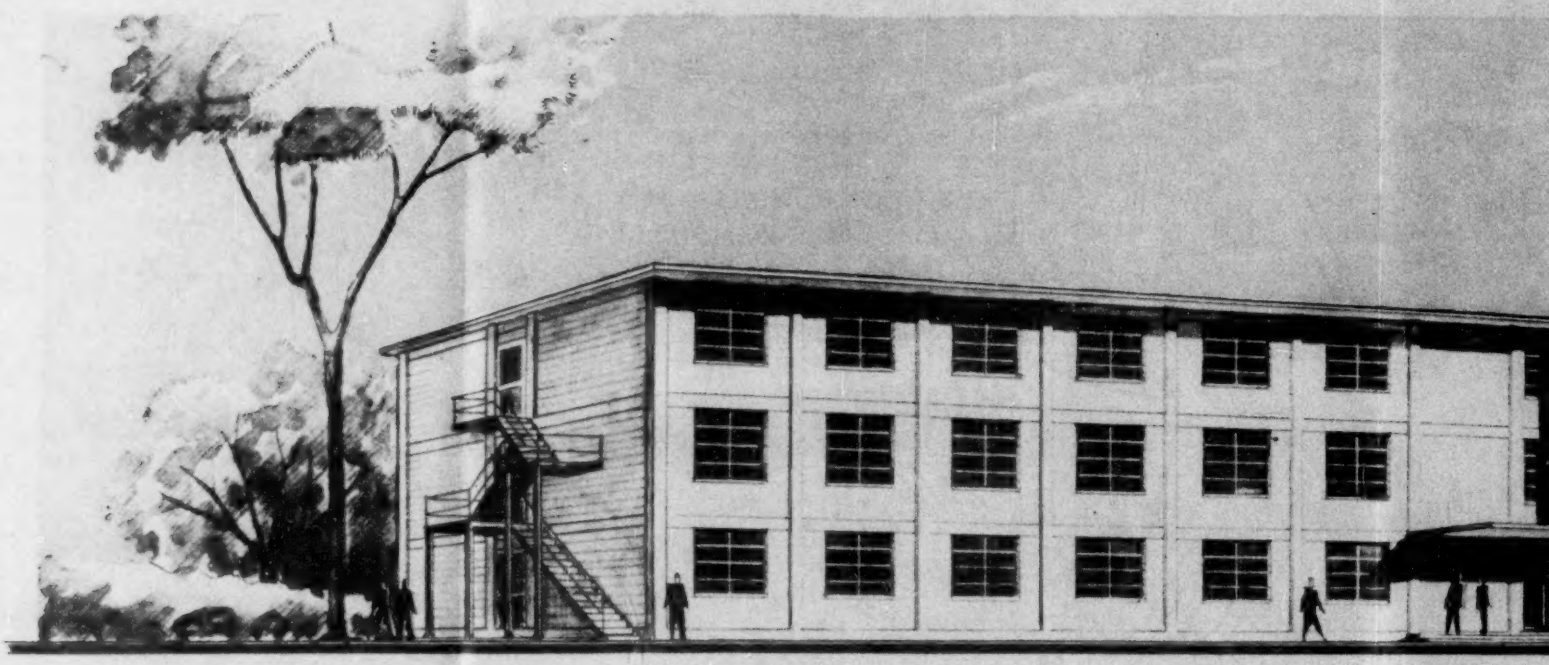
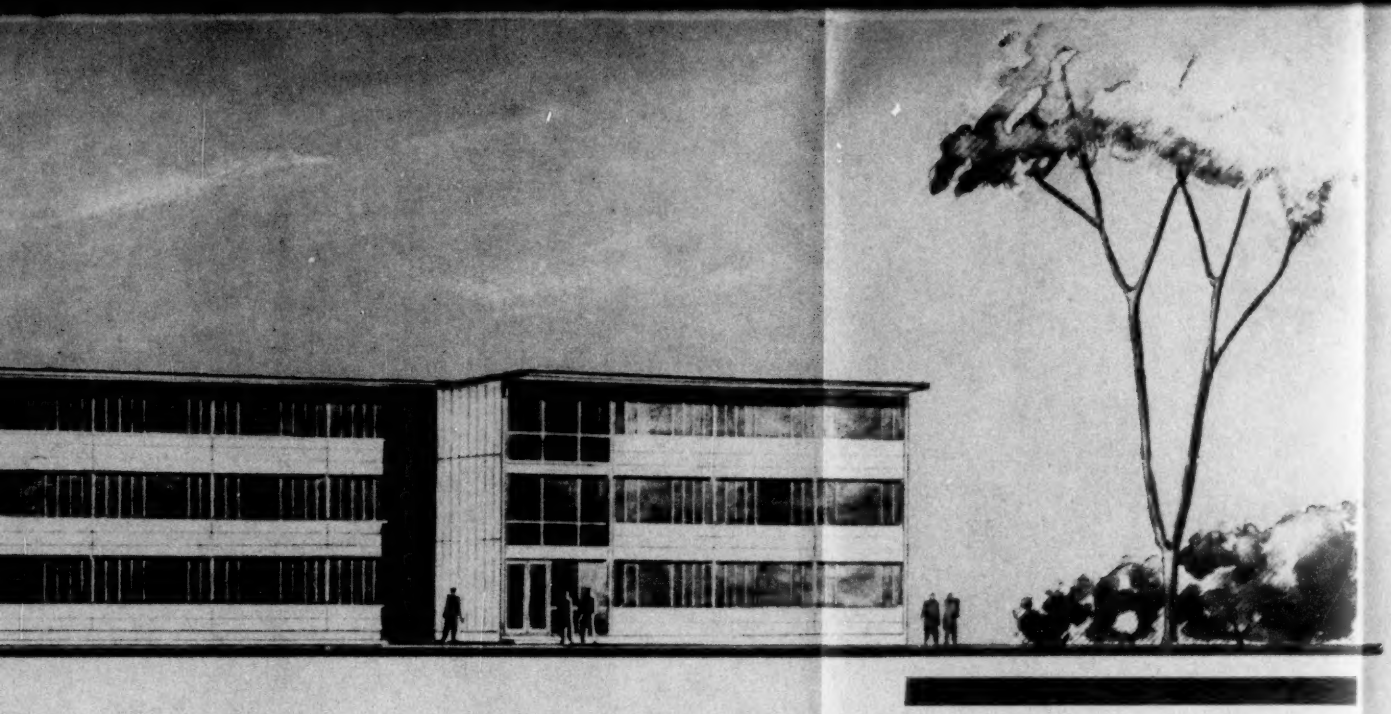
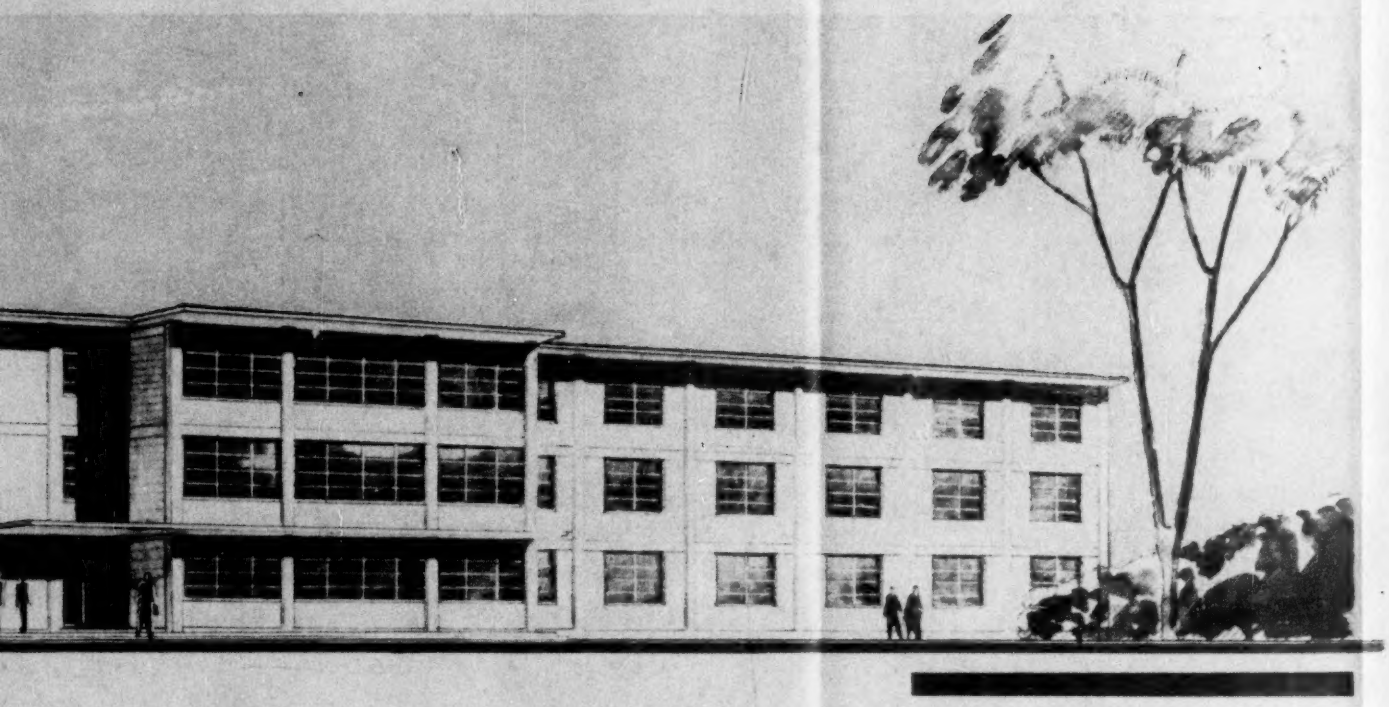


USAF

COST ANALYSIS AND STUDIES OF

PREPARED BY HARLEY, ELLINGTON AND DAY, INC. ARCHITECTS





OF AIR FORCE DORMITORIES

AND ENGINEERS DETROIT MICHIGAN, JANUARY 1952

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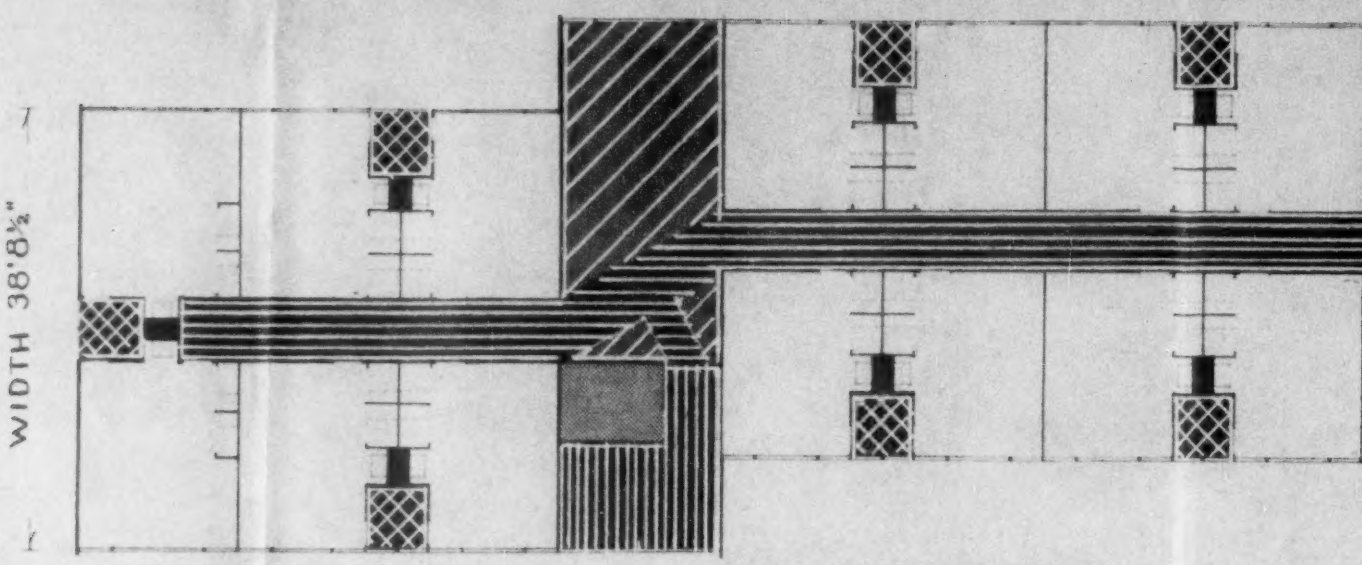

SAC

CAP. 201 men / 72 sq ft p.m.

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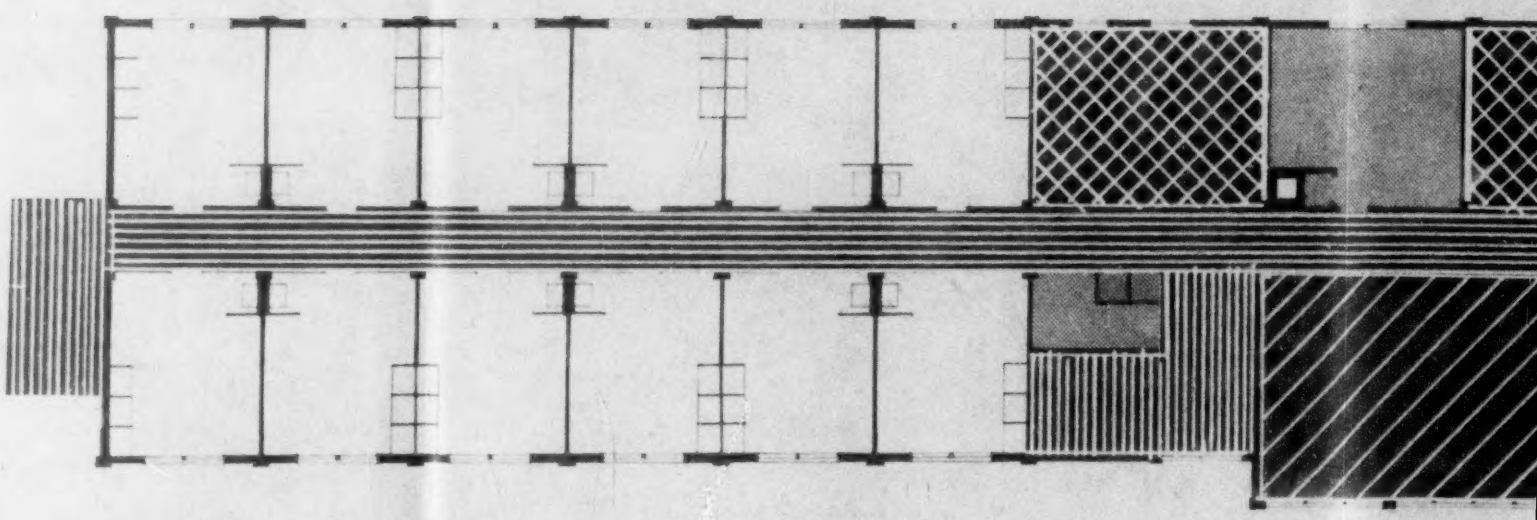

USAF

CAP. 200 men / 72 sq ft p.m.

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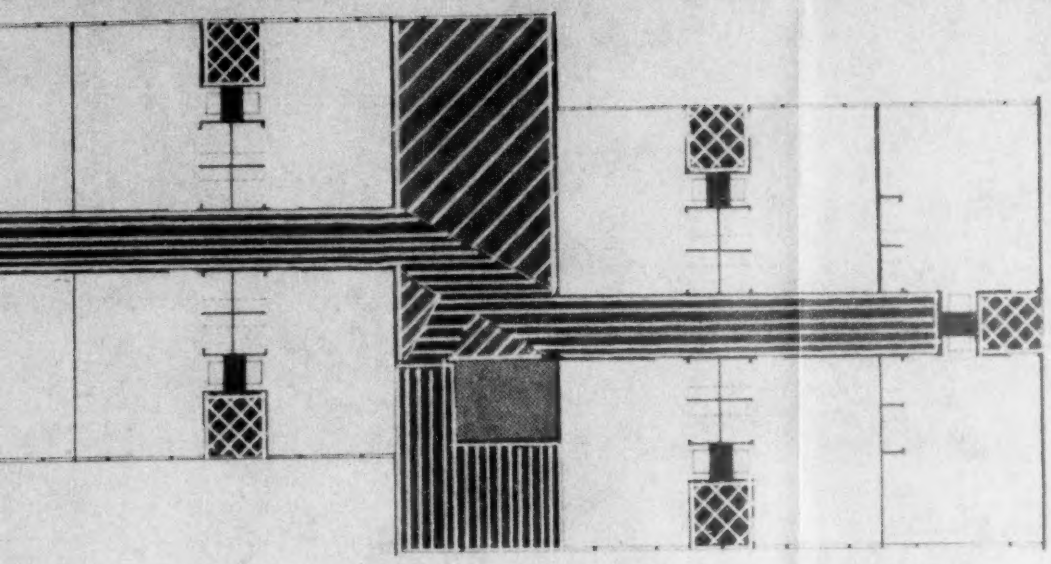

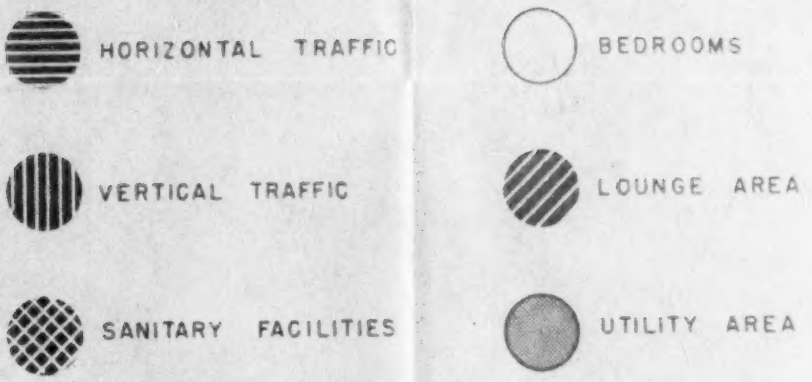

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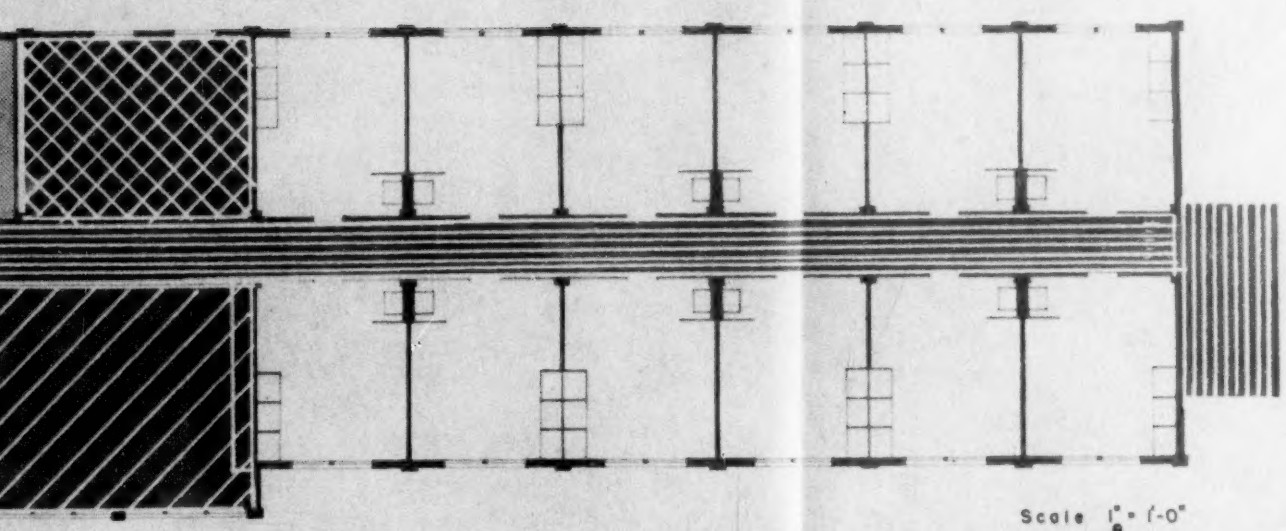

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AND ENGINEERS DETROIT, MICHIGAN JANUARY 1952

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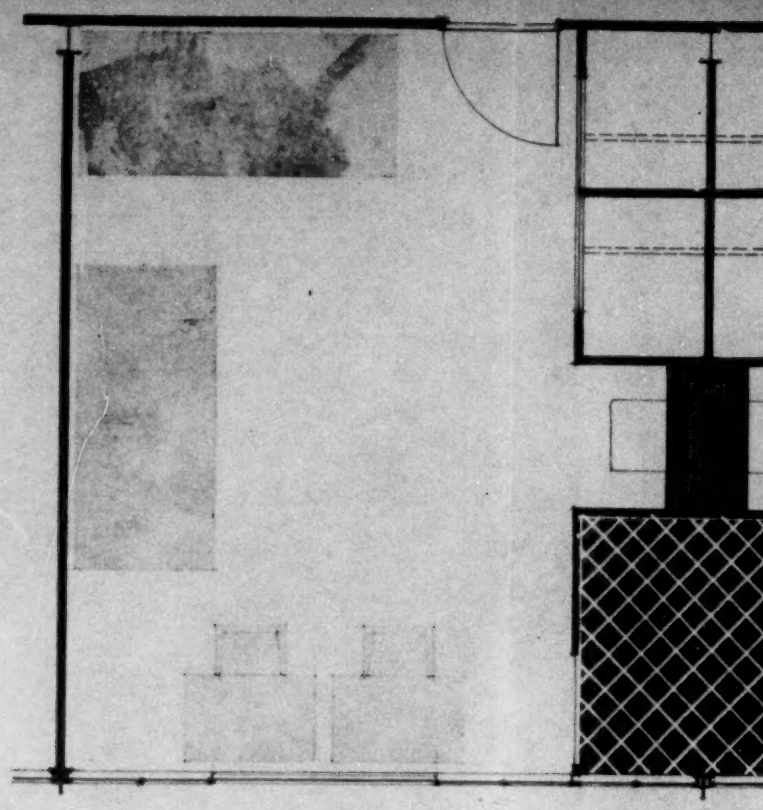
SAC



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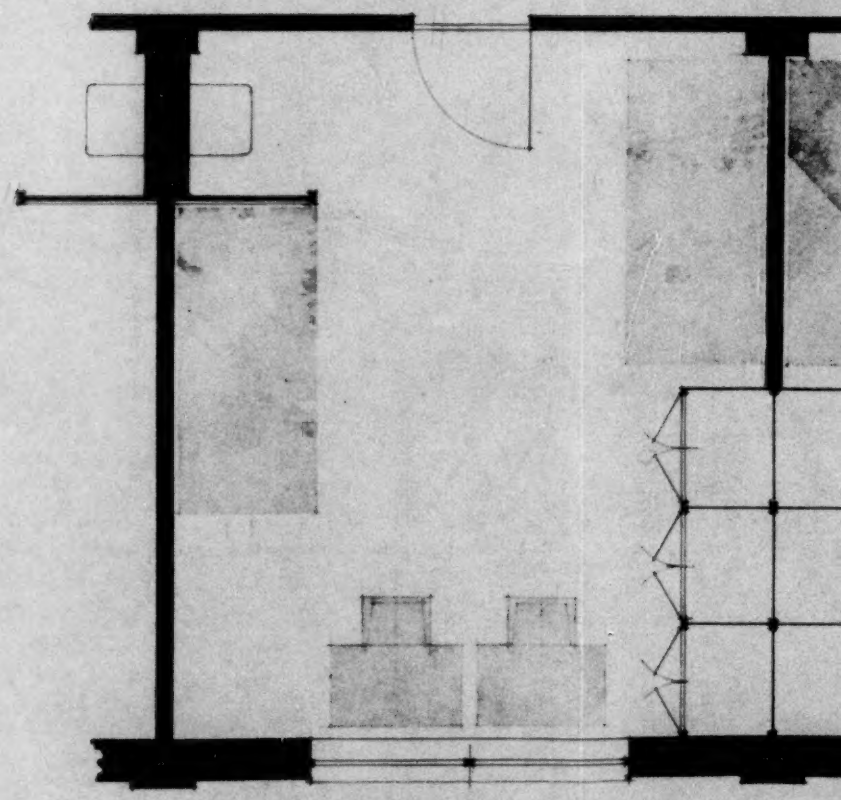

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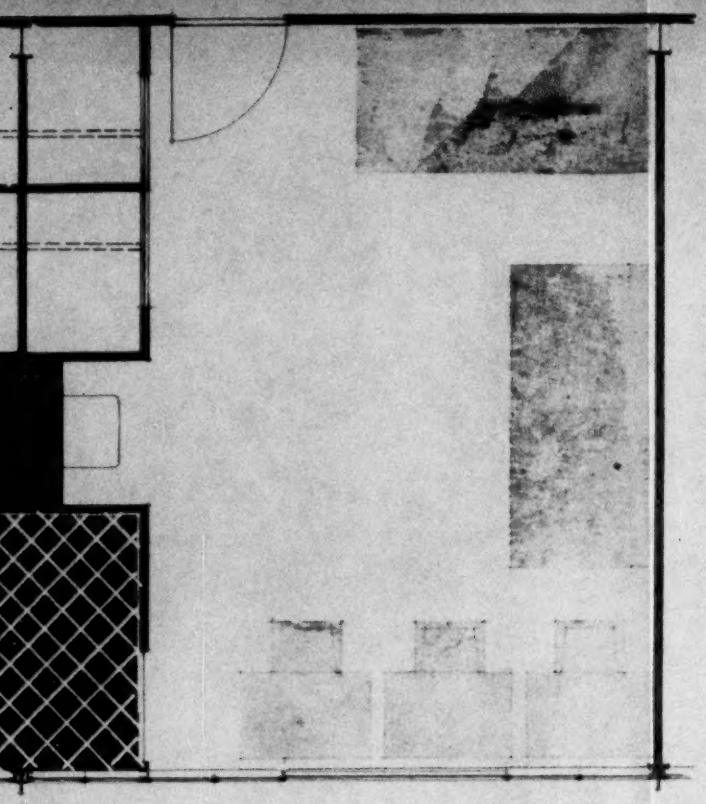

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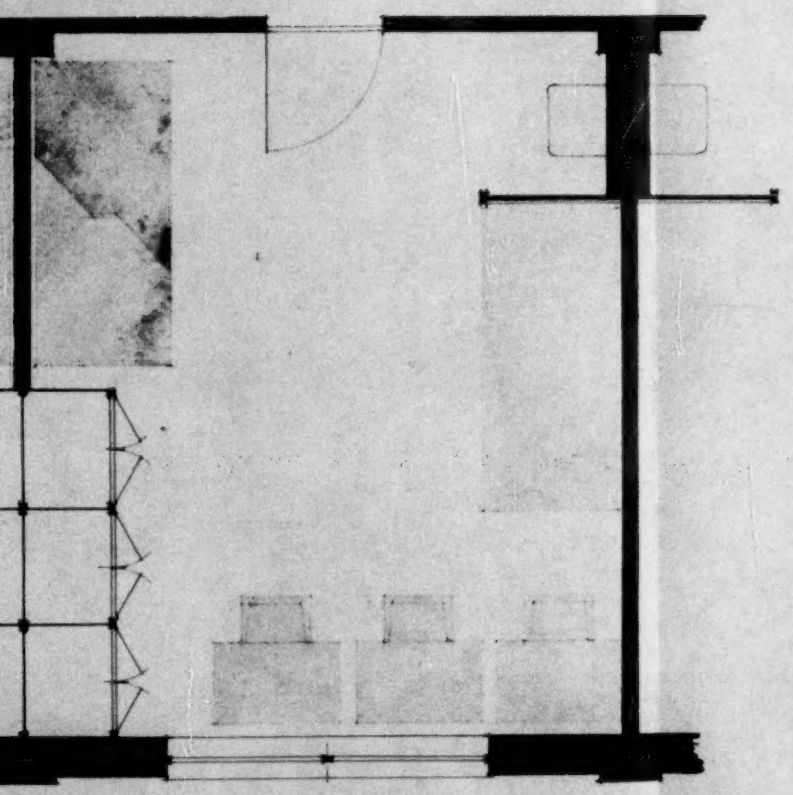

TOILET FACILITIES

OF AIR FORCE DORMITORIES

CTS AND ENGINEERS DETROIT, MICHIGAN JANUARY 1952

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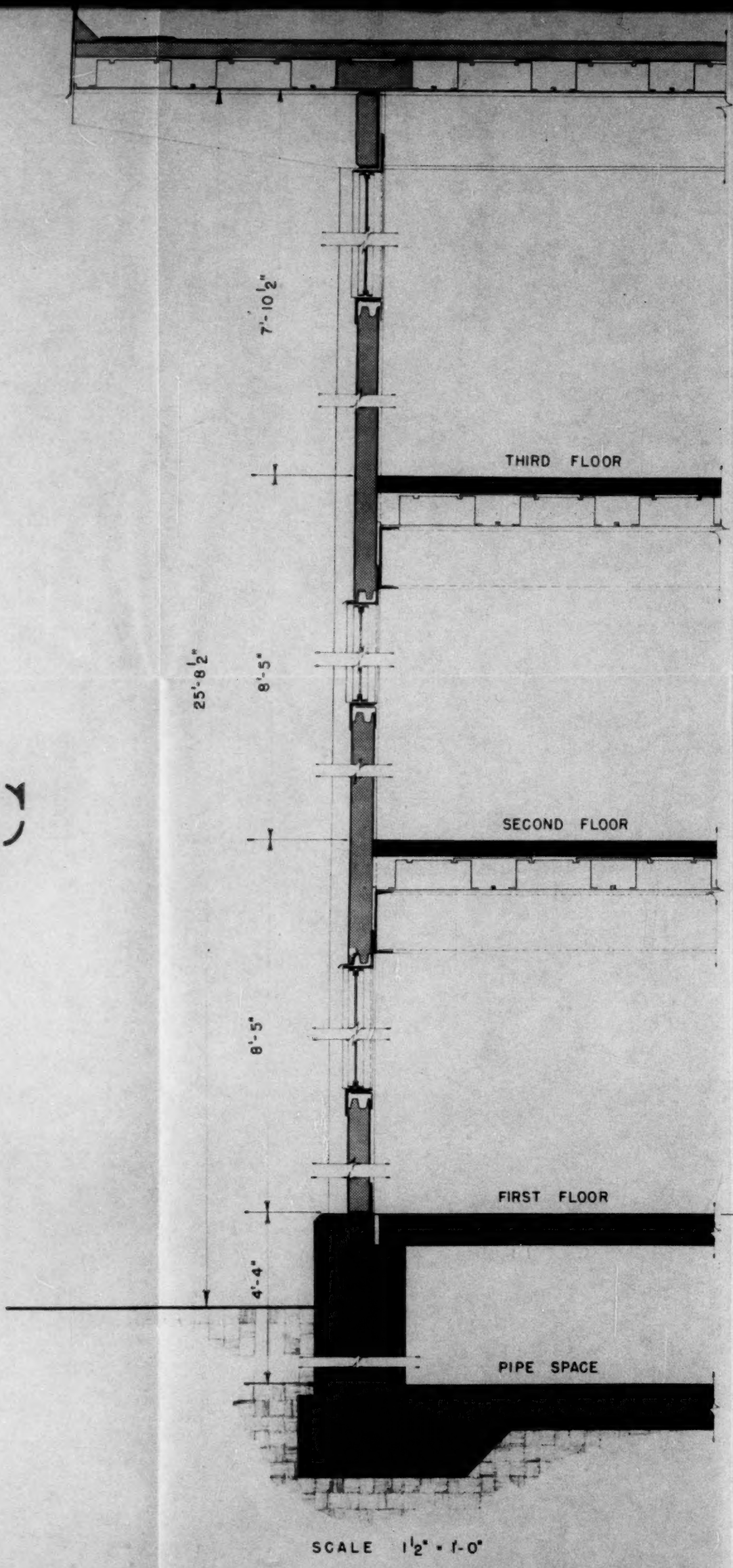
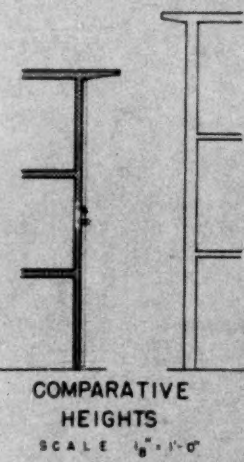
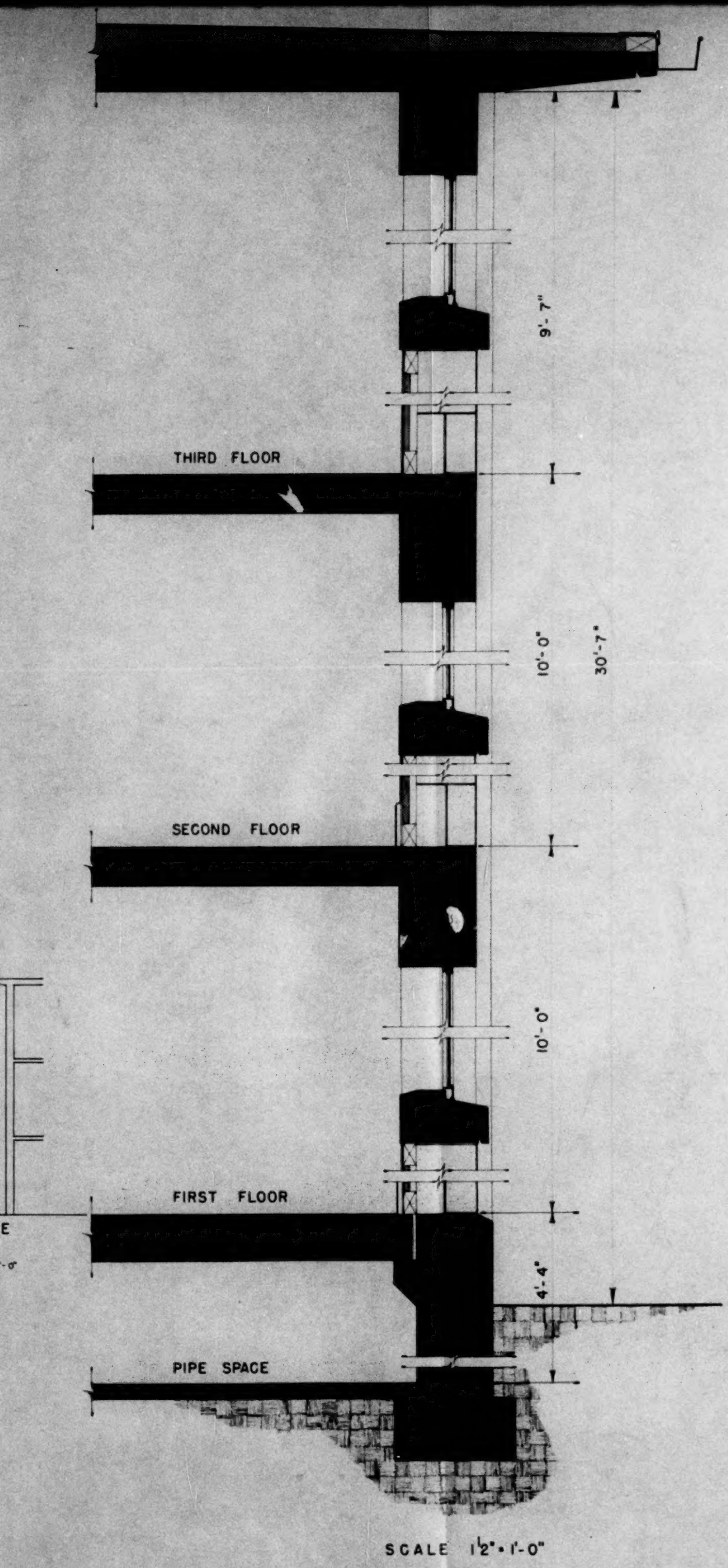




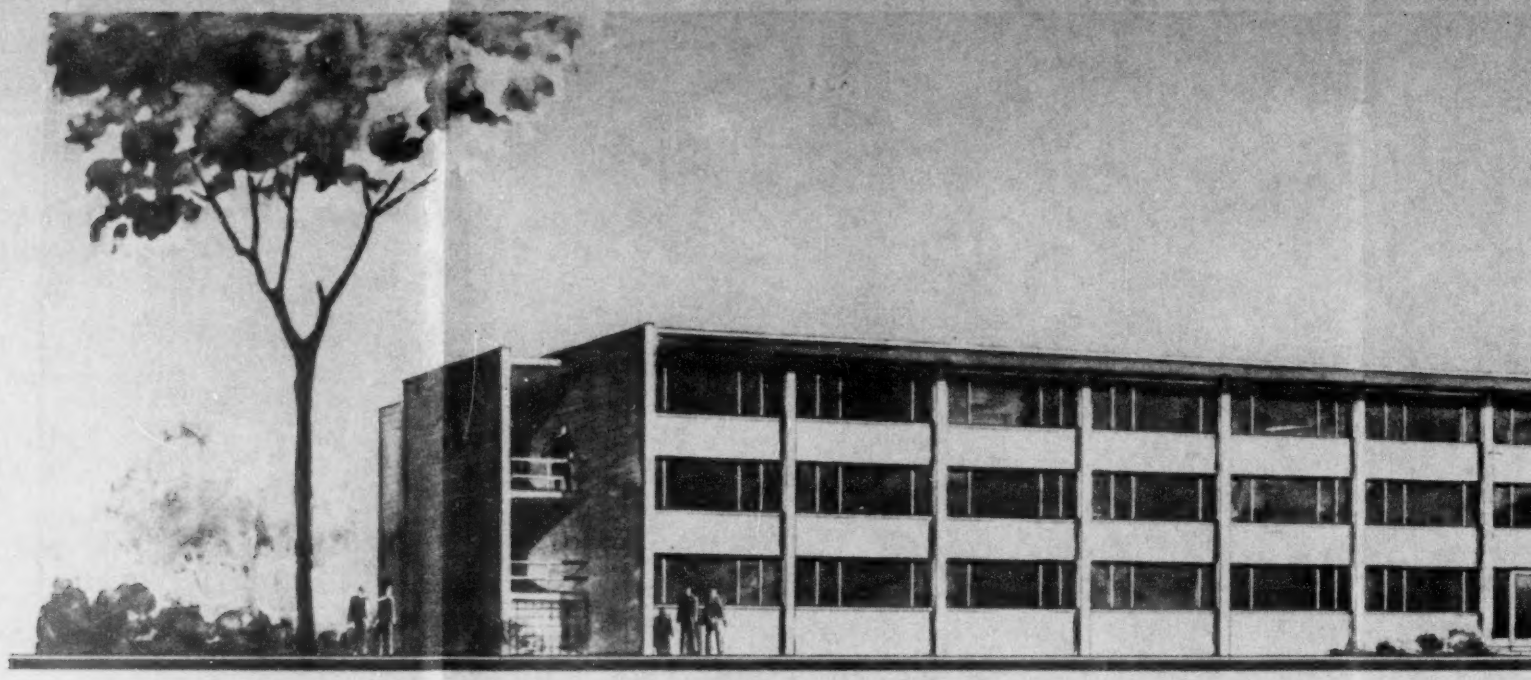
COMPARATIVE HEIGHTS
SCALE 1/8" = 1'-0"

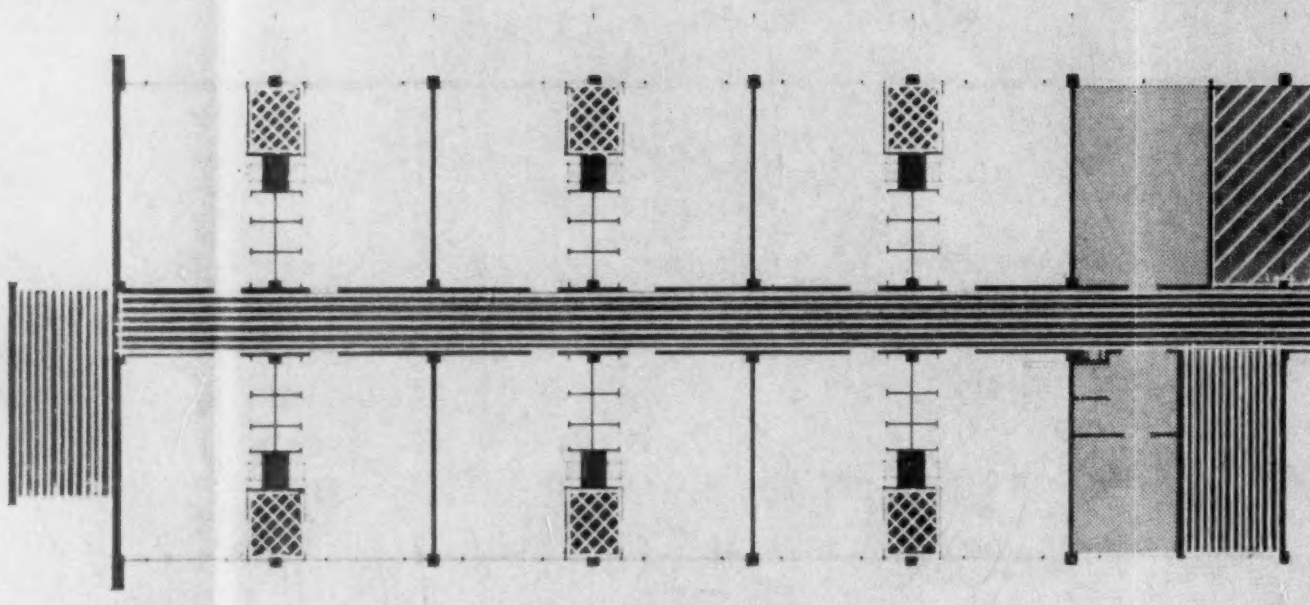
COST ANALYSIS AND STUDIES O



USAF

OF AIR FORCE DORMITORIES





HORIZONTAL TRAFFIC

VERTICAL TRAFFIC

SANITARY FACILITIES

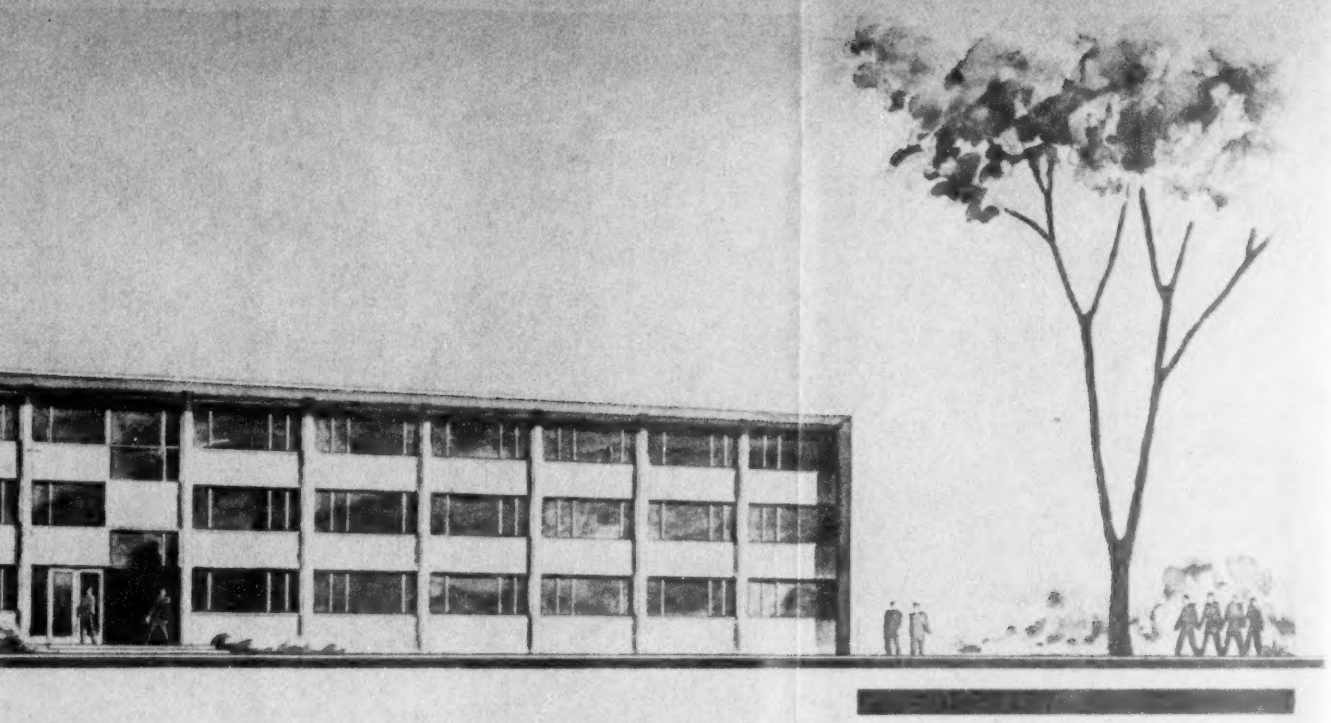
BEDROOMS

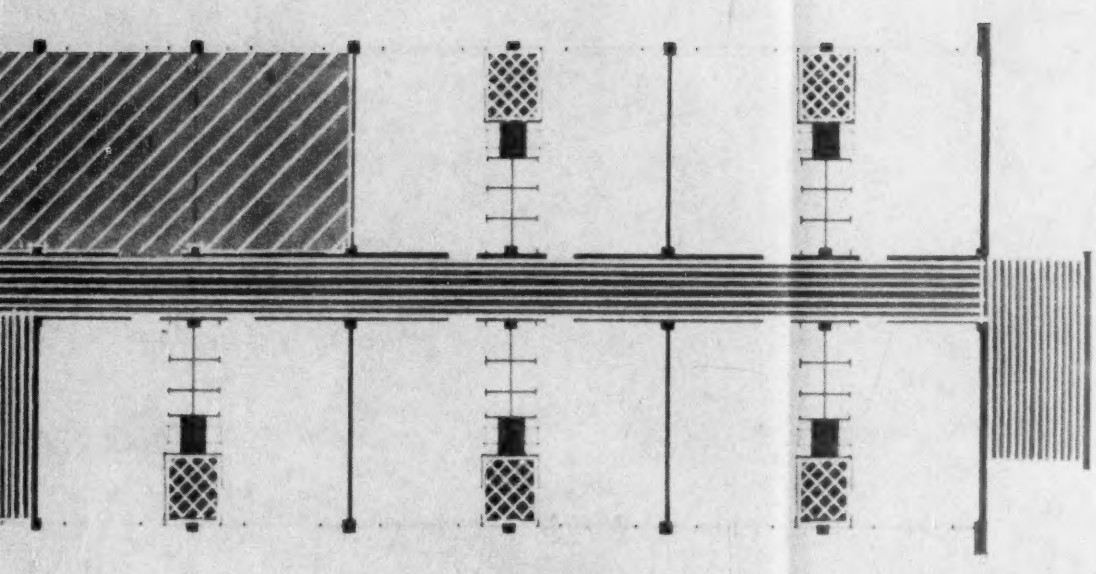
LOUNGE AREA

UTILITY AREA

ALTERNATE DEVELOPMENT FOR

PREPARED BY HARLEY ELLINGTON AND DAY, INC. ARCHITECTS





Scale $\frac{1}{8}$" = 1'-0"

AIR FORCE DORMITORIES

AND ENGINEERS DETROIT, MICHIGAN JANUARY 1952

10

96640 O - 52 - pt. 2 (Face p. 228) No. 5

Schedule of net floor uses

Use of area	200—USAF plan		201—SAC plan		198—Alternate plan	
	Total area, square feet	Percent of gross area	Total area, square feet	Percent of gross area	Total area, square feet	Percent of gross area
Sleeping rooms, including closets	14,404	57.4	14,458	61.7	14,256	62.0
Toilet rooms	1,644	6.5	1,086	4.6	967	4.2
Lounges	2,235	8.9	1,824	7.8	1,743	7.6
Corridors	3,110	12.4	3,037	12.9	3,028	13.2
Stair halls and stairs	657	2.6	936	4.0	400	1.7
Cleaning gear (utility rooms)	166	.7	360	1.5	373	1.6
Telephone and drinking fountain recess	38	.2			68	.3
Laundries	522	2.1			408	1.8
Pipe space	183	.7	165	.7	165	.7
Walls and partitions	2,123	8.5	1,592	6.8	1,581	6.9
Total gross floor area of building	25,082	100.0	23,458	100.0	22,989	100.0

General cost analysis, masonry construction

	USAF	SAC
General construction	$214,019.04	$184,324.61
Plumbing	43,161.68	36,761.35
Heating	29,774.38	28,626.67
Electrical work	21,532.78	27,633.66
Total cost	308,487.88	277,346.29

Unit cost, occupancy at 72 square feet per man

	200	201
Total net floor areas	23,265	21,866
Cost, square foot of net floor area	$13.26	$12.69
Net floor area man housed	116.32	108.78
Cost per man housed	$1,542.44	$1,379.83

Bath and toilet facilities—Comparison of quantities and costs of plumbing materials

Item	USAF		SAC	
	Quantity	Cost	Quantity	Cost
Toilet fixtures	156	$10,793.27	144	$9,235.03
Cast-iron pipe, fittings, etc	[1] 1,029	1,626.35	[1] 101	164.81
Steel pipe, fittings, etc	[2] 9.95	5,447.22	[2] 11.29	5,840.39
Valves	94	888.82	52	461.74
Lead, oakum, gas, etc		676.89		49.19
Excavation and fill		1,363.18		188.02
Total		20,795.73		15,939.18

[1] Linear feet.
[2] Tons.

Bath and toilet facilities—Comparison of quantities and cost of fixtures only

Fixture	USAF		SAC	
	Number	Cost	Number	Cost
Water closets	30	$1,849.17	36	$1,888.52
Lavatories in bedroom	72	3,158.82	72	2,766.22
Lavatories in toilets	12	545.27		
Urinals	18	2,176.18		
Shower stalls	24	3,072.83	36	4,580.29
Total	156	10,793.27	144	9,235.03

Comparison of carbon steel requirements

Per 200-man barracks building	Concrete USAF	Steel SAC
	Tons	*Tons*
Structural steel		73
Reinforcing bars	74.15	14.14
Pipe and accessories	17.50	16.25
Total A products	91.65	103.39
Windows, doors, and door locks	7.30	14.28
Miscellaneous and conduit	13.50	19.40
Prefab panels	2.50	119.00
Total B products	23.30	152.68
Total A and B	114.95	256.07

Additional steel requirements to build SAC steel

	Tons
Total buildings not awarded USAF concrete (371):	
A products steel	4,355
B products steel	47,100
Total buildings not awarded USAF concrete alternate (189):	
A products steel	2,219
B products steel	24,453
Total	78,127

Comparative bids received on SAC and USAF dormitory designs

Comparative bids received on SAC and USAF dormitory designs

Date bid	Location	Number bids	Capacity 72 square feet per man	Cost			USAF old-type masonry per square foot	Year life	Type construction	Type plan
				Total	Per man	Per square foot				
April 1951	Rapid City Air Force Base, S. Dak	4	1,204	$1,380,000	$1,146	$10.25	$8.30	25	3-story steel building	SAC.
May 1951	Offutt Air Force Base, Nebr	4	804	924,000	1,149	9.73	9.96	25	do	Do.
June 1951	Barksdale Air Force Base, La	2	502	694,585	1,384	12.01	11.47	25	do	Do.
December 1951	Shaw Air Force Base, S. C	1	200	221,497	1,107	8.70		25	3-story masonry	USAF.
January 1952	Lockbourne Air Force Base, Ohio	13	2,600	3,120,000	1,200	9.43		10	do	Do.
Do	do	13	2,600	2,834,000	1,090	8.56		10	3-story masonry "slick"	Do.
Do	do	19	2,508	2,565,000	1,023	7.90		10	2-story wood	Do.
Do	Walker Air Force Base, N. Mex	2	400	538,949	1,347	10.58		25	3-story masonry	Do.
Do	do	2	400	483,043	1,208	9.49		25	3-story masonry "slick"	Do.
Do	Donaldson Air Force Base, S. C	3	600	610,900	1,018	8.00		10	3-story masonry	Do.
Do	do	4	528	448,852	850	6.57		10	2-story wood	Do.

NOTE.—Above bids are net and do not include Government costs and contingencies.

General MYERS. First of all, this [indicating] is a front view or an architect's rendition of the SAC design and the Air Force design. You will see that there are two stairwells here [indicating] and there are two lounges here [indicating], as we will show later.

In the Air Force plan the lounge is here [indicating] and there is one entrance.

The SAC is built of steel, with steel framing and steel panels. The Air Force plan was built either in wood or masonry; three-story masonry or two-story wood. We did not build any three-story wood barracks due to the fire hazard.

This [indicating] shows the capacity of 201 men in the Strategic Air Command layout, at 72 squate feet per man; and 200 in the Air Force layout at 72 square feet per man.

I should like to point out, however, that this comparison here [indicating] is based on the present Air Force plan and not the one that was in effect at the time of this Rapid City discussion. We had an Air Force layout that had two entrances here [indicating] and had approximately 164 square feet per man gross as against the Strategic Air Command with about 120 gross.

This plan here [indicating] is down to around the same gross area as the Strategic Air Command. I think it is around 124 square feet per man, gross.

So the barracks we were talking about at the time the Rapid City thing came up, and this comparison, are not exactly the same. We have eliminated in the Air Force plan several features, and reduced the square footage. One of the big things was to eliminate the second stairwell, and then to reduce the corridor spaces.

Mr. DONNELLY. Both are based upon separate rooms, are they not?

General MYERS. Both are based upon separate rooms.

PLUMBING IN SAC BARRACKS

Mr. DONNELLY. How about the plumbing in the SAC barracks? Do you have more plumbing there than in the Air Force barracks?

General MYERS. No. The cost of the plumbing in the SAC barracks is actually cheaper than in the Air Force barracks.

Mr. DONNELLY. Are more plumbing fixtures provided in the SAC barracks?

General MYERS. I will show you a schedule on that. This [indicating] again is the present Air Force design of the barracks. It has two rooms, and it has a lavatory in the room. Then it has the rest of the toilet facilities centrally located.

The Strategic Air Command plan has a toilet between each pair of rooms. This toilet room has a stool and a shower. Then it has the lavatory, again, in each room here, open to each room [indicating].

Mr. DONNELLY. That is different from the Air Force barracks?

General MYERS. Yes.

Mr. DONNELLY. The Air Force barracks have communal toilet facilities?

General MYERS. Communal toilet and shower facilities.

Mr. DONNELLY. In the SAC barracks what you actually have is a bathroom for each two rooms?

General MYERS. A bathroom between each two rooms, yes.

Mr. RILEY. One toilet and one shower between each two rooms, and then two lavatories.

General MYERS. That is right, sir. That is the proposed scheme.

SPACE ALLOCATION IN BARRACKS

That [indicating] shows the dormitory area, the area for each.

This [indicating] shows the USAF plan and the SAC plan. The total area is given, and the gross.

This [indicating] was a unit proposed plan which I think you can wipe out.

Mr. DONNELLY. What does this indicate? Is that 200 men?

General MYERS. 200 men.

Mr. DONNELLY. 201?

General MYERS. Opposite 201.

You see the sleeping rooms. In the SAC plan there is 61 percent of the area used for sleeping rooms. That is a desirable feature, as against the 57 percent in the USAF plan. I think it is a desirable feature. It indicates better utilization of your space, if you put more of it into actual sleeping space for your men.

Fifty-seven percent is used for the sleeping spaces. It is all within the 72 square feet per man utilization.

Mr. RILEY. This is all on a percentage basis here?

General MYERS. Both of these are based on the 72 square feet per man.

Mr. RILEY. I see.

General MYERS. The 72 square feet per man gives you 201 men in the SAC building and 200 in the Air Force building.

The toilet rooms show that SAC has a larger utilization of the area actually in the toilet rooms. That, of course, includes the individual baths between rooms, as against the communal room.

On the lounges, the USAF had a little bit more.

The USAF has a greater utilization here [indicating], and in the corridors it was quite comparable. There is not much difference in the corridor space.

The SAC plan has, I think, an undesirable feature in that they have a larger utilization in stair halls and stairs.

The cleaning and gear room is about the same.

The SAC plan did not have anything for telephone and drinking fountain; no laundry facilities in their plan; but they later made a modification in it to incorporate the laundry. They put that in another little space. That is something I think we do require, and everybody agrees we require some laundry space in the building.

Pipe space is approximately the same.

Walls and partitions are about the same.

The SAC, of course, has thinner partitions than the USAF plan.

Mr. FURCOLO. Their stairs and halls are such, as I understand it, that the USAF has less stairs and halls then the SAC plan?

General MYERS. Yes; because the SAC plan has two entrances, two stairwells, and the corridors are more extensive.

Mr. FURCOLO. I was under the impression that it was the other way around.

General MYERS. Well, they have 936 square feet as against 657.

This [indicating] is the SAC plan, with two stairwells and this corridor here [indicating]. The Air Force plan has one stairwell here [indicating] and the corridor straight through. This [indicating] is another room.

Mr. FURCOLO. Where is that first one? Is this the one?

General MYERS. Yes, sir. The SAC has two entrances. The Air Force plan has one entrance, and fire escapes at each end.

Mr. DONNELLY. Mr. Chairman, would it not help if we had this column broken down into actual square feet, as we saw it for the Army and the Navy?

Mr. RILEY. I think it would. I think it would give us a better comparison.

General MYERS. I think we have a schedule here.

(The information is as follows:)

Airmen dormitories: 3-story, masonry

	U. S. Air Force design, based on 200 men per dormitory		SAC design, with masonry walls, based on 201 men per dormitory	
	Gross	Per man [1]	Gross	Per man [1]
Sleeping rooms (including closets accessible from such rooms)	*Square feet* 14,404	*Square feet* 72.0	*Square feet* 14,458	*Square feet* 71.9
Lounge space	2,235	11.2	1,824	9.1
Toilets and janitors' closets	1,810	9.1	1,446	7.2
Personal storage space	None		None	
Other storage space	None		None	
Corridors	[2] 3,148	15.7	3,037	15.1
Laundry	522	2.6	None	
Linen and game-storage space	None		None	
Stairs (horizontal projection)	657	3.3	936	4.7
Heating and mechanical equipment	[3] 249	1.2	[3] 249	1.2
Mess and kitchen space	None		None	
Administrative space	None		None	
Classroom space	None		None	
Other space, specify (wall and partition space to balance with gross area given in item 6)	[4] 2,361	11.8		9.0
Walls and partitions			1,592	
Pipe space			165	
Utility walls below grade			55	
Total	25,386	126.9	23,762	118.2

[1] Based on rated capacity (on average space 72 square feet per man in net bedroom area).
[2] Spaces for telephone booths and drinking fountain recesses are included in corridors.
[3] Equipment space varies with fuels, type of equipment, etc. For comparison same size is assumed in each case. This space was omitted from consideration in architect-engineer chart comparison of USAF and SAC designs.
[4] This area includes pipe shafts of 183 square feet and an allowance of 55 square feet for equipment room walls.

General MYERS. Those are some comparative bids, which you might want to come to later.

ECONOMY IN SAC PLUMBING FACILITIES

There is where the big difference comes in; in the toilet and bath facilities, as between the two. You will notice that the cost of the toilet and bath facilities is about $16,000 as against nearly $21,000 here, in favor of the SAC plan. You can see the difference in the number of toilet fixtures. There are the cast-iron pipe fittings and so forth; 1,029 linear feet in the USAF plan as against 101 in the SAC plan.

Mr. FURCOLO. Is that because of there being fewer toilets per man?

General MYERS. That is because in both plans you have to run a trench around and put your pipe in. You have to run a trench around the building.

The SAC plan, you will notice, has the bathrooms out on the outside of the building, and they use that same trench to put all their pipe in, and then they just run the stacks right up from that trench.

The Air Force plan has the lavatories inside, and both of them, of course, have their heating on the outside. So, in the Air Force plan you run your trench around just the same, and then you have to run a trench underneath the building to serve these lavatories.

Mr. FURCOLO. Are there the same number of toilet bowls per man in both?

General MYERS. No, sir. Nobody would believe this. In this plan, where you have the central toilet facilities and a lavatory in each room, it was not cheaper than having all these separate toilets. You get right down to the engineering analysis of it, and that is the case. It is cheaper actually to spread these things out like this [indicating] than it is to put the lavatories in each room, and a central toilet facility. If you put all the toilet facilities centrally, and take the lavatories out of the room, and put those in a separate communal toilet, it will be cheaper than the SAC plan, we feel sure.

Mr. FURCOLO. What do you include in the word "lavatory"?

General MYERS. Just a bowl.

Mr. FURCOLO. A washbowl like that one over there?

General MYERS. Yes, sir.

Mr. RILEY. The only thing there is that you have a larger quantity of steel pipe, which I suppose is the connection.

General MYERS. Yes, sir. These runs of pipe are in separate stacks. You see, in SAC, with their lavatory as it is shown here, the lavatory and toilet all in one lump, they just run one stack; but in our plan we have the lavatory over in the center of the building, and the communal toilet down in the middle of the building, and you have to run a separate stack from each one of those.

There is nearly a $5,000 saving per building there on the SAC toilet facilities as against the Air Force design. As I said, nobody believed that, and then we hired an architect-engineer who made this study you are looking at—Harley, Ellington & Day—and they were to compare the SAC and Air Force designs, and specifically to consider the toilet facilities. That is the first thing they said:

"There is no question about it."

We said:

"You go on and figure it out, and figure out each item in it."

This is what they came up with.

ECONOMY OF COST AS COMPARED WITH FRAME OR MASONRY CONSTRUCTION

Mr. DAVIS. There is nothing to prevent the use of the frame or masonry construction, using the so-called SAC floor plan, is there?

General MYERS. No, sir.

General WASHBOURNE. I believe, Mr. Davis, that is where your labor factor begins to enter into it. On the wood building, you have to build it on the job, whereas this one is largely prefabricated.

General MYERS. Your question was as to the lay-out?

Mr. DAVIS. Yes.

General MYERS. There is no reason why you cannot build it in masonry, tile, or reinforced concrete or anything else.

One feature of the Strategic Air Command plan was the use of steel prefabricated panels.

To answer your question, Mr. Furcolo, there [indicating] is the picture.

Mr. RILEY. Is this steel building something on the order of the Gunnison House that United States Steel has been putting out?

General WASHBOURNE. To some extent, Mr. Riley, yes. It has the same type of panel and fenestration that you buy at the shop. Those two features are similar.

Mr. DAVIS. Is it the plan or is it the material that makes this substantially cheaper?

General MYERS. It is both. It is the plan and the material.

For instance, the water closets here in the SAC plan—36 of them—cost just about the same as 30 of them in the USAF design. In other words, the USAF design has a little better water closet in it. It costs a little more. It is a little bit better. The lavatories are the same number, but the 72 lavatories in the SAC plan cost $2,700, and in the USAF plan cost $3,100. Again, it is a little better.

We have, of course, in our communal lavatories, 12 lavatories that SAC does not have at all, in the community toilet.

Mr. RILEY. Would not the prefabrication cost of the material offset the on-the-job labor to some extent?

General MYERS. I think it would, to some extent.

Mr. RILEY. Have you actually completed some of these SAC barracks?

General MYERS. Yes, sir.

Mr. RILEY. Do you have the unit cost?

General MYERS. Yes, sir; I have a little chart on it, sir.

Mr. RILEY. When we come back we will go into that.

General MYERS. All right.

Mr. RILEY. I believe we had better recess now, because this is going to take some time. We will return at 2 o'clock.

AFTERNOON SESSION

Mr. RILEY. The committee will come to order.

Mr. Donnelly, will you proceed with the hearing?

Mr. DONNELLY. Mr. Chairman, during the luncheon recess General Myers sent over to his office for a series of charts to implement the presentation of the merits of the SAC barracks.

Before General Myers commences his presentation, I might invite the committee's attention to the fact that General Washbourne here is Gen. Lee B. Washbourne who wrote the memorandum with respect to the Rapid City Barracks. What is your title, General?

General WASHBOURNE. Installations officer, Headquarters, Strategic Air Command—the same position as when I wrote the memorandum.

Mr. DONNELLY. Mr. Chairman, may General Myers proceed with his presentation?

Mr. RILEY. Yes.

HISTORY OF DEVELOPMENT OF AIR FORCE BARRACKS DESIGN

General MYERS. Mr. Chairman, I believe I could give briefly a little history of the development of the barracks design in the Air Force which might be of help in evaluating the Strategic Air Command plan against some other plan.

After World War II, of course, the Air Force inherited, if I may say, a lot of World War II barracks that had been constructed. In many cases they had been constructed for Army use. We had a large program in the rehabilitation of those barracks and in expansion in the construction of new barracks.

The Air Force felt that they had a little different condition regarding their men than the other services and felt, and still feel, that if we are going to keep men in the service and therefore reduce the cost of training and retraining and training men, we had to improve their living conditions.

In June of 1949 General Fairchild, who was then the Vice Chief of Staff, directed a memorandum to the Staff on this subject, on the improvement of living conditions for airmen, and we made many studies of the type of barracks that the Air Force should build and what we should do in rehabilitation of the existing buildings.

They all pointed up to a room type barracks, or what we now call the dormitory type of barracks, and the furnishing of them—better beds, more storage space for the men in the rooms, a comfortable chair and a table.

We developed a barracks design, or we developed the basis for it, and gave it to the engineers, on which they based their final design of a barracks on the basis of 96 square feet per man, two men to a room, with communal or centralized facilities of all kinds. The barracks had about 164 square feet per man gross area. Correct me if I am wrong, Colonel Marshall. That was in September 1950.

About that time we had a directive from the Secretary of Defense to the Munitions Board that the barracks would not be designed in excess of 72 square feet per man, or they gave us criteria of 72 square feet per man. So we wanted to get ahead with our construction program and we said, "We will use our same barracks we now have designed on the basis of 96 square feet per man, but we will simply increase the occupancy by putting three men in some rooms and two in others to come out with 72 square feet per man," and we programed our barracks accordingly.

DEVELOPMENT OF SAC DESIGN DORMITORY

Prior to that, in June of 1950, Strategic Air Command was authorized to depart from our standard plans we were then developing and to go ahead and develop the so-called Strategic Air Command or SAC design dormitory, and build it as a trial at one place, at Offutt at Omaha, to try out this plan SAC had in mind, which incorporated these connecting baths between rooms. That was to replace a burned out building, and that was the one exception.

The Strategic Air Command was to design it and build it, and they did, and it came out, according to the figures I have here—and I am sure they are quite accurate—that they constructed that for $1,508 per man, which was much cheaper then we were estimating our barracks then—something over $2,050, as I remember.

Mr. RILEY. That was without mess?

General MYERS. That was without mess; yes, sir.

Mr. DONNELLY. The Chairman has raised the question, General, on Colonel Washbourne's memorandum as to why item B shows "including mess" for $2,050, and items A and C do not mention "mess"

General MYERS. Well, they should. They should on this program here [indicating]. The barracks included the mess.

Mr. DONNELLY. All three of these then in Colonel Washbourne's memorandum included that mess?

General MYERS. That is right.

Mr. DONNELLY. For $2,050 a man?

General MYERS. That is right.

We then examined our floor plan and decided that we had too much space, that is was excessive in space, and in the middle of the implementation of this plan we changed the 10-year life barracks by simply utilizing what was to be storage space to house people, and we have reduced the over-all square footage per man from 164 down to about 144, about 20 square feet per man which we eliminated.

We set about redesigning then all barracks to get the square footage down, and we came up with a design of around 126 square feet per man for all barracks, which is our present design.

We had two entrances and we eliminated one of them, and we made various other improvements in it.

ENDORSEMENT OF SAC PLAN BY MAJOR AIR FORCE COMMANDERS

Concurrently, at that time in July of 1951 we had a meeting of all the major Air Force commanders—first at Offutt, Omaha, and then at Lackland to look at the SAC barracks that had just been completed, or nearly completed, and then down at Lackland to look at some of the Air Force design barracks.

The major Air Force commanders all unanimously endorsed the SAC plan and said, "That is what we want. We would like to have it in steel, but we will take it in any type of construction."

General Timberlake, who was Director of Installations at that time, headed up that meeting and came back and reported, a verbal and written report, to the Secretary and Chief of Staff, and he recommended Stragetic Air Command type of barracks but not in steel due to the criticality of steel.

In fact, in November of 1951, as a result of directives in the NPA and Munitions Board—I have a copy of it here—we put out a directive to all of our commands and to the Chief of Engineers outlining the necessity to conserve critical materials and a whole list of the various ways in which they could be conserved.

REJECTION OF SAC PLAN BY SECRETARY OF THE AIR FORCE

When this was presented to the Secretary of the Air Force, he said, "We cannot build this barracks in steel because of the criticality of materials, and the lay-out with individual bathrooms between rooms is too plush. We just can't justify it and we can't afford it."

There had been various representations made that the Strategic Air Command lay-out was cheaper actually in plumbing costs and in the over-all toilet lay-out than the USAF plan, which I will explain to

you here a little later, which had the lavatories in each room and the bathrooms. So it was based on that, however, that the Secretary said, "We will not adopt the SAC lay-out."

We went ahead and redesigned our barracks on the plan I will present here, which is our latest plan, and then we had some bids that came in, some unsolicited bids, by contractors on the Strategic Air Command plan, that we turned down on the basis either that they were unresponsive to the invitation and were contrary to the directive of the Secretary and the Chief of Staff or that we could not get the steel, or the steel was critical.

General LeMay still felt that his plan was the better and even if it could not be built of steel, it should be built of something else, and he made further representations.

COMPARISON OF SAC AND USAF LAY-OUTS

Finally, in order to resolve this thing, we hired this firm of Harley, Ellington & Day that made this study on the comparison between the SAC lay-out and the USAF lay-out, so they would be made on a comparable basis.

That is the USAF lay-out in masonry versus the Strategic Air Command in masonry, and this is the result of that study.

Mr. RILEY. Where is the home office of that company?

General MYERS. In Detroit.

The committee has seen these pictures before. (They are printed earlier in the record.) This is the SAC barracks. It is made of a structural steel framing with steel panel walls, and these glass areas, as you see here, with two entrances.

The Air Force barracks is designed, the last one, with this one entrance, and in masonry reinforced concrete frame with masonry block curtain walls or with the tile curtain walls.

Mr. RILEY. Does that structural steel require painting?

General MYERS. Yes, sir, it does require painting.

And Harley, Ellington & Day's report points out that the maintenance on the Strategic Air Command barracks would be considerably in excess of the USAF barracks due primarily to this painting.

The SAC plan is shown here with this recess. The USAF plan has straight lines except for this offset here.

The rooms, as you see, have the individual bathrooms between them, and the USAF plan has community toilet facilities here and here [indicating] in both of these places, with a lavatory in each room.

The architect-engineer pointed out that the Strategic Air Command lay-out was deficient in having this break [indicating] in the construction, that it could be improved by making it one continuous wall, and the same here on the USAF plan, that we should eliminate that break.

He pointed out the disadvantage of the corridor here going through the lounge. This is the lounge area. This is the stairwell, and this is the stairwell, and this is the lounge area. He pointed out the disadvantage of traffic going through the lounge.

This shows the lay-out of the individual room. As we said before, these are beds, these tables and chairs, these are lockers. That is the lavatory, and this is the bathroom, with the toilet and shower in it.

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In the USAF plan, of course, we just have the lavatory here. And you will note again that the toilet here in the SAC plan is on the outside. This is the outside wall. This is the corridor here, and this is the entrance to the room.

In the USAF plan the lavatory is located on the inside.

This was an analysis of the floor-to-floor or the ceiling height in the USAF plan and the SAC plan. They are not drawn to scale here.

I think the important thing to note is that the scale in the SAC plan is 8 feet 5 inches, which gives them about 7 feet 10½ inches from floor to ceiling. In the USAF plan it is 10 feet, which gives about 9 foot 7 inches floor to ceiling.

The ceiling height in the USAF plan, of course, is the more expensive.

Mr. FURCOLO. May I interrupt a minute to inquire if that same thing applies as far as climate is concerned? In other words, are those examples in the same locality?

General MYERS. Yes, sir. As far as the ceiling height is concerned there is no change.

Mr. FURCOLO. All right.

General MYERS. This schedule is of net floor use. You saw before the USAF plan and the Strategic Air Command plan. It is intended to show the percentage of floor use and shows here in the sleeping room the SAC plan has a higher percentage of use, which is favorable. You are getting more for your money when you put it in the actual sleeping space.

The percent of gross area in the SAC plan is less, which, again, is favorable.

In lounges, the 7.8 percent against 8.9 is a question for someone to decide: Do you need more lounge space or do you not? But that is somewhat comparable.

The corridor is quite comparable.

The stairs and halls in the SAC plan—I think the architect-engineers felt they were excessive and could be reduced.

Cleaning gear rooms: No particular comments there. The SAC plan had no provision for telephone in the barracks, nor drinking fountain recess, nor for laundry, which we all admit are required and which Strategic Air Command later, right after this time, incorporated into this plan.

Pipe space is about the same and walls and partitions is less in the SAC plan. They had fewer walls and partitions, but, of course, this is based on the SAC plan in masonry to try to make them as comparable as we could.

It indicates, I think, in general that the net floor usage of the SAC plan is superior to the Air Force plan.

Mr. RILEY. In your masonry do you have the same height ceilings—9.7?

General MYERS. In the masonry plan, these two plans here were both based on 9.6. The 9.6 feet, 9½, floor to ceiling—the architect-engineer converted the SAC plan to that to make it comparable to the USAF plan.

This is the general-cost analysis of the masonry construction in each plan. In each case it is for a 200-man unit. One is 200 men and the other is 201, which, perhaps, is exactly the same.

It shows the USAF plan is considerably more expensive than the SAC plan.

The plumbing is a lot more expensive. The heating is somewhat comparable. The electrical work is less than in the SAC plan.

The unit cost of 72 square feet per man for the 200 and the 201 men—this is net floor area, not gross floor area. Based on net floor area, that is, inside, inclusive of partitions, width and all that, cost per square foot, this [indicating] is for the Strategic Air Command plan and this is for the USAF plan. Again they are both in masonry.

Actually in steel the cost of the SAC plan is cheaper.

The net floor area per man housed is this [indicating]. You have more floor area in USAF type than in the SAC plan and, of course, cost per man about $200 cheaper for the SAC plan per man based on this estimate.

You mentioned before, sir, these costs.

This is for the barracks only, and they are based on estimated costs by this architect-engineer and not on bids. This is a purely academic study using the same unit cost for each plan to get it in comparison, to get a correct comparison. The architect-engineer admitted that he felt in actual bidding this cost was a little high. He did not know how much. You could do better than that, he felt.

Mr. RILEY. That both costs were high?

General MYERS. That both costs were high, yes, but that merely gives you the comparison.

Mr. RILEY. A part of that difference in those there would be the result of the less net floor area per man housed?

General MYERS. Cost per man. That is right, sir. But the cost per square foot, you see, is directly comparable.

Mr. RILEY. Both about the same?

General MYERS. Yes, sir.

Of course, the bath and toilet facilities were a specific and special part of this investigation, and this shows in the USAF plan 30 water closets as against 36 in the SAC plan, and that the cost per water closet was greater in the USAF plan than in the SAC plan.

There is the same number of lavatories in the bedrooms in each plan, but the USAF cost is higher, indicating, which is true, a better quality of fixtures in the USAF plan and one that is perhaps overdesigned.

Twelve lavatories in the central toilet, which the SAC plan does not have—18 urinals. The USAF plan has urinals, the SAC plan has no urinals.

Twenty-four shower stalls against thirty-six shower stalls. The SAC plan has more showers than the USAF plan. The SAC plan has two showers in each room.

Is that not right?

General WASHBOURNE. One shower for each two rooms.

General MYERS. One toilet and one shower in the toilet room?

General WASHBOURNE. Yes, sir.

Mr. FURCOLO. You actually cannot tell too much from this chart you have just been talking about as far as water closets, lavatories, and bedrooms are concerned because of the difference in quality, as I understand, that the USAF are better, so that at least in those top two lines it may be meaningless.

General MYERS. Well, except it is not meaningless to us, sir, because we were looking for where we could make savings, where one

plan was good and where the other plan was good or vice versa—where we could make savings. And we decided that the USAF lavatory was a little better than we needed.

Mr. FURCOLO. I mean this: That if you were to take the type of water closet that you have under the SAC plan the USAF one would figure to be about the same, would it not?

General MYERS. Yes, surely.

This is another study here of comparison of quantities and costs of plumbing materials.

The summation of all those toilet fixtures—there is 156 in case 1 and 144 in the other. It comes to $10,793 for the Air Force, $9,235 for the SAC plan.

The cast iron pipe and fittings: 1,029 lineal feet in the USAF plan for $1,626 against the SAC plan with 101 lineal feet for $164, which indicated a big saving here in having the toilet facilities located on the outside of the structure where they could use one common trench for the heating and the plumbing and one stack for a toilet and one for a lavatory; whereas in the USAF plan you have the lavatories on the inside of the building and you require extra trenches and extra stacks for each of those lavatories as well as for your central facilities.

The steel pipe and fittings, you see here, is 9.95 tons for the USAF plan against 11.29 tons for the SAC plan. So they are somewhat comparable.

Valves [indicating] lead. Excavation and fill, which was a considerable item here in the USAF plan, due to these extra trenches we have to put in.

The total cost of plumbing for the United States Air Force plan is $20,795 as against $15,939 for SAC plan.

Mr. RILEY. Another feature of the SAC plan, on bathroom facilities you have better ventilation and better lighting without having to rely on artificial lighting on those inside lavatories.

General MYERS. Yes, sir; that is right.

We investigated the comparison of steel requirements in A and B products—the concrete USAF design versus the SAC design in steel. As it shows here, structural reinforcing bars, pipe, total A products, USAF design, 91.65 tons and 103.39 tons for SAC.

And the B products are 23.3 tons for the USAF and 152.68 tons or for SAC 114.95 tons of A and B products combined for the concrete barracks and as against 256 for the steel SAC barracks.

At that time we estimated the total number of buildings not awarded.

The total of these two figures—371 and 189—is the total number of buildings we had in our program at that time, of which 371 of them were being advertised in the concrete design and 189 were being advertised with concrete as an alternative against wood.

Colonel MARSHALL. But the 371 is the maximum.

General MYERS. This shows then the total of A products in tons and B products for the 371 and for the 189, and that if all these buildings were built in steel it would be 78,127 tons.

Since that time—I would like to point out here also in this report—going back to this chart, sir—there is not a great deal of difference between the concrete USAF design and the SAC steel design in the A products, which are the ones that are critical. These B products are the off-the-shelf products that are given to manufacturers in quotas.

and of which there has been no difficulty so far. That is where the big difference comes in and primarily in the prefab panels, as you see here.

Now we have asked the NPA and the Munitions Board recently—well, I have not got a final answer yet, but I think it is going to be favorable to our building steel barracks if they are cheaper. And that is what we would like to do.

COMPARATIVE BIDS ON SAC AND USAF BARRACKS

Now comparative bids that we have received—this is the SAC building in steel, three-story steel, and this is the USAF in both masonry and wood. Now these are not directly comparable in cost per man definitely, because these were all on the old 164 gross square foot per man basis.

Colonel MARSHALL. Those down there are on the new one.

General MYERS. Excuse me. This column here is the old 164 square foot per man. These are the new, about 126 square feet per man.

Colonel MARSHALL. That is right.

General MYERS. So for the three-story steel 25-year life SAC type lay-out, the bid here at Rapid City was, as you see here, and at Offutt here and here [indicating]. Cost per man, $1,146 at Rapid City; $1,149 at Offutt; $1,384 at Barksdale, or $10.25 per square foot at Rapid City, $9.73 at Offutt, and $12.01 at Barksdale.

On a per square foot basis the USAF old-type masonry, as you see, was cheaper in the case of Rapid City here [indicating] by a couple dollars; just a little more expensive at Offutt, about 23 cents more expensive, and here it was a little over 50 cents cheaper. Those were all alternate bids taken.

At Shaw Air Force Base—this is the USAF type—the bid here was $1,107 per man, $8.70 per square foot for three-story masonry. It is not necessarily comparable to these bids up here because they are not in the same locality.

At Lockbourn we took alternate on 13 three-story masonry buildings or 19 two-story wood buildings, and this is the result of those bids.

As you see, the so-called three-story slick masonry was cheaper than the conventional construction in three-story masonry.

You are familiar with that slick method of construction, sir?

Mr. RILEY. No. Just what is that?

General MYERS. Well, it is a system where the roof slab is laid down first on the ground and is jacked up into place on steel columns by means of hydraulic lifts up to the top, and then the next floor is poured down below and jacked up into place, and so on, until you finish. In other words, you build on the ground and that saves all your scaffolding and all that work, and you jack it up to the top. It is a considerable saving.

Mr. RILEY. Do you have to put up your exterior walls first or afterward?

General MYERS. You put them up afterward, after you get your roof and floor slabs up.

General HARDIN. It is a patented process.

General MYERS. In fact, in here the two-story wood was the cheapest.

Mr. RILEY. Well, it was not too much cheaper. When you get your maintenance and upkeep you will probably save money in the long run.

General MYERS. It could be; yes, sir.

What did we award this one?

General WASHBOURNE. Three-story masonry slick.

Mr. MCCLOUD. The reason being we have since changed Lockbourne to a 25-year base.

General MYERS. That is right.

Mr. MCCLOUD. We took the best we could get in the 10-year construction, which was 10-year masonry.

General MYERS. Here at Walker, the three-story masonry slick was not awarded because it was not responsive to the invitation to bid.

Mr. RILEY. Which was awarded?

General MYERS. Lockbourne was awarded and was the only one that was awarded on the three-story slick method.

Mr. RILEY. Is that construction as satisfactory as the other?

General MYERS. Yes, sir; it is. But maybe General Hardin can help me or Mr. Kurtz.

As I remember now, the primary reason that this was not responsive was because of the ceiling height.

Mr. KURTZ. That, plus the fact it eliminated one room on each floor. As you recall, they had one room less per floor by virtue of the fact that they put their heating system in differently from the way we had in the standards.

Mr. MCCLOUD. It did not match the advertised plan?

General MYERS. That at Donaldson here, in South Carolina, of course, the two-story wood was considerably cheaper than the three-story masonry in the 10-year life construction.

Mr. RILEY. I was just wondering why you would get $8 a square foot and get $6.57 at Greenville, S. C. I see, it is 25-year on one and the other is 10.

General MYERS. That is right.

DIFFERENCE BETWEEN 10-YEAR AND 25-YEAR MASONRY

Mr. RILEY. What is the difference in a 10-year masonry and a 25-year masonry?

General MYERS. In the 10-year masonry and the 25-year masonry—Colonel Marshall, how about answering that?

Colonel MARSHALL. There is a cheaper, lighter weight roof on the 10-year masonry. There is no paint on the inside of the 10-year masonry building and no finish on the concrete floors.

Like in the 25-year we put asphalt tile on the concrete floors and in the 10-year merely a hardener, and there is no trim on the doors and windows. In other words, all the finish is really left out of the interior of the 10-year masonry building.

General MYERS. How about the floors, the second floor?

Colonel MARSHALL. Well, the second floor—all the floors are concrete, but no asphalt tile or linoleum on them as we put in the 25-year.

Mr. RILEY. Well, that would more than make up for that difference in cost.

Colonel MARSHALL. That makes it normally on a difference of around 5 percent in the masonry type building between 10 and 25 years.

Is that about right?

Mr. KURTZ. That is right.

General MYERS. There are very few things you can trim down in the masonry building to make it for a shorter term of years?

Mr. RILEY. Well, would it be possible to go back on that 10-year masonry and put in your asphalt floors and trim and so forth and make it a 25-year building?

Colonel MARSHALL. It is intended on all of our 10-year buildings, if they are to be continued in use for a long period of time, by the addition of the items that have been omitted we can bring them up to a standard comparable to the 25-year life.

PROPOSAL FOR PLANS INCORPORATING BEST FEATURES OF SAC AND USAF DESIGNS

General MYERS. There is one more thing I would like to point out: As a result of this study of the SAC plan versus the USAF plan this was presented to our Chief of Staff and the Air Staff, it was presented to the Secretary of the Air Force, and it was presented to a joint meeting of the Office of Secretary of Defense, the Bureau of Budget, and the Army and the Navy. We made a presentation of this, and the prime purpose of that was to obtain approval from the Office of Secretary of Defense to go ahead with a new design for Air Force barracks incorporating the best features of both the SAC and the USAF plan, and specifically incorporating the bathrooms between rooms. That is the big feature of the SAC plan.

We requested that formally in writing, and we have not obtained approval of it yet. However, we are going ahead. The Corps of Engineers has let a contract and we are going ahead with the design. Friday I went over some of the first proposals. This is not one of them. I went over some of the first proposals of the architect-engineer as to what the lay-out would be. But in general the lay-out will be something of this type.

It has all straight walls. It will have a through corridor, straight through. We will not have those closed stairwells at the end. We will have fire escapes, steel fire escapes, at each end, and we will have one entrance in the center.

We will have these rooms just like the Strategic Air Command plan with the toilet facility between each pair of rooms, with the lavatories as shown there.

We have not decided quite yet where we will put the lounge, whether we will make one lounge.

I would like to put, perhaps, two lounges, one at each end, with a central entrance, and in that way would make use of that corridor space at the end. You could put the lounge across the end of it and still use the lounge to get to your fire escape. We are studying that.

The disadvantage of the lounge at the end is that in order to receive visitors—you have to design these barracks for women too—to receive visitors the men should have an entrance to get into the lounge rather than to come through the corridor all the way down between rooms. So we are trying to work that out and come up with the right kind of an answer on it.

Also, part of this contract is to modify a standard plan like this of the barracks for BOQ's. We think our BOQ's are over-designed, too.

DESIRABILITY OF STANDARD PLANS FOR BARRACKS

Mr. RILEY. Speaking for myself personally, I think it is highly desirable that you have a standard plan for barracks. I think you will find as time goes on that the contractors will develop more and more economical methods of building them.

General MYERS. Yes, sir, I am sure they will.

Our problem right now, I think, is to adopt the best layout plan that we can come up with, and then we have got to decide whether or not we can build this in steel or not at this time.

What will be the basic design? Will it be in masonry? Will it be in tile? Or will it be in steel? We have got to get that answer both from the architect-engineer and from the NPA.

Mr. RILEY. You say you have actually let contracts on a building similar to this?

General MYERS. We have let a contract for the design.

Mr. RILEY. Just for the design?

General MYERS. Yes, sir.

Mr. RILEY. No construction?

General MYERS. No; and we have not obtained approval from Office of Secretary of Defense on this concept yet.

COST OF SAC BARRACKS

Mr. RILEY. Have you actually built some SAC barracks?

General MYERS. Yes, sir, we have built them at Offutt and at Barksdale.

Mr. RILEY. Are they completed?

General MYERS. Yes, sir.

Mr. RILEY. Out of steel?

General MYERS. Yes, sir.

Mr. RILEY. What is your actual cost on the ones that are completed?

General MYERS. Have you got those costs?

General WASHBOURNE. In the ones completed this is the bid price of these.

Mr. RILEY. That is the actual price?

General WASHBOURNE. Yes. On the pilot model originally built at Offutt the total over-all cost, including all costs of engineering, was $1,508 per man. The bid price on these last two programs at Offutt and Barksdale was as is shown there, but they do not include the Government costs and contigencies.

General MYERS. You have to add that—roughly 10 percent?

Mr. RILEY. Why should it be $235 more at Barksdale than at Offutt?

General MYERS. This is 804-men and this is 502-men barracks. This is four buildings and this is two.

Mr. RILEY. Sort of a volume proposition; is that it?

General WASHBOURNE. In a way; yes, sir. You have to develop a site. The more buildings you put on it, the more economical it is.

General MYERS. And you got the problem of who your bidders happen to be.

REASON FOR PLANNING SEPARATE ROOMS

Mr. RILEY. I was just wondering—two men in a room will have connecting shower bath with the adjoining room and lavatory and so forth. Do you think that airmen are under a more severe strain and need more quiet and relaxation than the infantryman?

General MYERS. Well, we think——

Mr. RILEY. What is your reason for wanting separate rooms?

General MYERS. Well, sir, the primary reason is that the Air Force works around the clock, you see. Airplanes fly around the clock. They are maintained around the clock. The communications works around the clock. Practically everything connected with the Air Force works around the clock, and the men work in shifts, and they eat in shifts and sleep in shifts.

In the Infantry in general it is just the other way around. It is a small number of infantrymen that work in shifts. The cooks do have to work shifts and some of the other people, but the bulk of them all go to work at the same time; they get up and have reveille in the morning at the same time, they go to mess and go to drill, and finish the day's work and come back and go to bed at the same time. So we think that we need the rooms for quiet so the men can get rest, and likewise for the study for the students.

I think the Air Force has more technical people than the Army percentagewise. Certainly in our technical schools we feel they must have a place for study at night. That is the prime reason, sir.

I read a long prepared statement at the beginning of these hearings, do you remember, on this subject, sir?

Mr. RILEY. I remember you discussed that.

COMPARATIVE INSULATION AND HEATING REQUIREMENTS OF STEEL TYPE WITH OTHER TYPE OF CONSTRUCTION

Mr. DAVIS. General, how much study has been made with respect to the comparative insulation needs and heating costs on this steel-type construction as compared to the others?

Now you have got a couple pretty good examples there. One of them is up in Nebraska where you have quite extreme cold and quite extreme heat to contend with, and the other is where you have heat to contend with most of the year round. What has been your experience with them?

General MYERS. I do not know about the experience, sir, with those we have built.

The architect-engineer was asked to study that phase of it as a part of this study—the insulation and the heating. Maybe, Colonel Marshall, you remember exactly what was said.

But, as I remember, the architect-engineer—I can look it up here. His findings were that the heat costs on the Strategic Air Command design would probably be more expensive than on the Air Force masonry design unless some of the details of it were improved.

Colonel MARSHALL. His study did not go into the details of the estimated heating cost on that, but he did go into the estimate of the cost of the equipment. I believe that the cost of the heating equipment, as I recall, was little more than the equipment in the other building, because it required a little larger capacity.

Possibly General Wasbourne may know something about the actual comparative heating costs.

General WASBOURNE. All the barracks at Offutt are hooked onto the central heating plant, which is located in the mess that serves that group of buildings, and it is rather difficult to get an operating cost on the building which has been occupied for only one winter.

The analysis of the buildings as far as the U-factors are concerned indicates not unfavorable characteristics with respect to other buildings. While the glass, of course, does lose more heat than possibly masonry, we find that the steel panels pass a good deal less heat and cold through them than comparable masonry walls, and the combination of the two together is not far from conventional construction.

Mr. DAVIS. With respect to extreme heat now, have you found anything out with respect to that?

General WASHBURNE. The insulation of this building was pretty carefully designed into it. We put vermiculite concrete in top of the hollow panels on top. Each one of the floors is a concrete floor on top of the hollow decking panels, and, of course, the heat coming through the walls is stopped by the insulated steel panels.

There has been no particular discomfort I have heard of in the building during the time it has been in use.

We heated the original building with steam heat. After we built the one and decided that it might be possibly used in other climates, we converted to hot-air system of heating so that in the warmer climates in the summertime it could be converted to mechanical cooling or possibly air-conditioning if the structures were used for technical purposes.

Mr. RILEY. How much do you figure you can cut down the cost on these barracks by adding a third story instead of building them two stories?

General WASHBOURNE. Mr. Riley, the ones that were built are the three-story buildings. We did not build any of the two-story in steel. The architect-engineer compared the two-story building here to make it comparable to the Air Force structure. Actually we found there was a substantial saving in the third story, and we started with that almost from the beginning.

General MYERS. The architect-engineer's evaluation here of the cost of installation of the heating, the equipment and distribution system, and, of course, everything else for the USAF masonry dormitory was $29,747 and for the Strategic Air Command in their steel construction, $28,334—or about $1,400 difference in favor of the SAC plan.

The architect-engineer—I cannot find it in here—did, however, state that he felt the heating costs in fuel would be greater in the SAC design, but he gave no figures as I can remember now.

(Discussion off the record.)

Mr. RILEY. Proceed.

General MYERS. Mr. McCloud, have you got other figures on bids received?

Mr. MCCLOUD. Ten and 25 years?

General MYERS. Yes.

Mr. MCCLOUD. I have not on barracks, I have some prices on other buildings. I have transmitter station and warehouse.

General MYERS. Have you got more bids down there, General Hardin?

General HARDIN. Yes.

General MYERS. You can interpret them better than I can, if you would.

General HARDIN. Was there some additional bid information you would like to have, Mr. Donnelly? I have a small tabulation here of some Air Force dormitories.

COST PER MAN FOR VARIOUS TYPES OF CONSTRUCTION

Mr. DONNELLY. Do you have the cost per man for various types of construction in the bids that you have?

General HARDIN. Mine are on the basis of per square foot.

Mr. RILEY. Off the record.

(Discussion off the record.)

Mr. DONNELLY. During the course of part I of these hearings, which dealt with the Bureau of Yards and Docks in the Navy, Admiral Jelley had the design criteria for barracks revised and submitted them for the record at the conclusion of the Navy hearings.

Now in his submission of February 25, 1952, the admiral stated that the cost per man had been $1,910 with the design criteria the Navy was using when the hearings started, and by virtue of these revised criteria the cost per man was cut 25.5 percent to $1,422.

Now $1,422 is considerably more than the first bid figures shown in the Air Force chart even when you add the 10 percent for Government costs and contingencies.

General MYERS. Yes; that is right.

Mr. RILEY. I am just wondering if that would not be the over-all estimate for the entire United States, and some of these figures might be lower because of location. I just do not know.

General MYERS. That is undoubtedly correct, sir. His is an average figure for the whole United States.

Mr. DONNELLY. It is an estimated cost figure, whereas your figures here are bid figures.

General MYERS. Are bid figures. Of course, our $2,050 was an estimated figure, too, and we have realized a savings on that. Over-all I think our barracks and messes are going to go for less than that.

COST PER MAN OF ARMY BARRACKS

Mr. DONNELLY. Maybe General Hardin could shed some light on this: How much per man do you figure for Army barracks, General?

General HARDIN. Unfortunately, Mr. Donnelly, we do not have it on the basis of per man. We have the cost of per square foot.

Mr. DONNELLY. Do you mean you have bid figures per square foot?

General HARDIN. Well, I have the summary here which I just gathered together for general information on the square-foot basis, because per man cost we find a difficult thing to compare because of the variations in designs on the Army and the Air Force. Of course, when you are comparing cost per square foot of structure, that is something tangible. So we do not have in my information here the per man cost.

Mr. DONNELLY. General, would you give us your square-foot cost figures for barracks from bids?

General HARDIN. Well, I have a number of them here. It depends on the part of the country and how many barracks.

But here is a representative figure at Fort Campbell, Ky. There were 34 buildings. The barracks is of 225-man capacity. It is three-story reinforced concrete frame, with concrete block filler wall, and the bid includes some 7.1 percent in utilities. But the figure is $10.78 a square foot.

Mr. RILEY. Would that include the Government supervision, too?

General HARDIN. Yes; that low bid is adjusted to allowance for contingencies, Government costs and utilities.

For a fewer number of buildings and in different locations, the highest price I have here is at Columbus General Depot where one structure was built of a small capacity of 105 men, and that went for $13.75 a square foot.

Mr. DONNELLY. The chairman has just multiplied out your Army cost per square foot by 126 square feet per man, and the figure is $1,358.28 per man. That would be assuming that your gross area per man is 126 square feet to give a comparative figure to the Air Force figure.

TIME REQUIRED TO COMPLETE REVISED PLAN

Mr. RILEY. General, when will you have this revised plan ready, do you think, for bids?

General MYERS. It will take us about 4 months until we get the contract plans and specifications brought up. After we make up our mind as to the bases, then the architect-engineer has to draw plans for several different types of heating systems, several different zones of climate. It would be about 4 months, would you not say?

Colonel MARSHALL. Before we actually get the plans and specifications.

General MYERS. Before we get the contract plans and specifications so we can advertise for bids.

Mr. RILEY. Will that be in time to use any of the money out of the 1952 appropriation for construction?

General MYERS. No, sir, it will not. We have to kind of give that up. We had hoped to, but it will not be. We hope to do it in 1953.

TYPE OF CONSTRUCTION UNDER 1952 FUNDS

Mr. RILEY. What type of construction has been let out of the 1952 funds?

General MYERS. On the USAF design at the present time, where we have 25-year-life construction authorized at permanent bases, in general, it is masonry. It is reinforced-concrete framing, with block curtain walls, three-story masonry construction.

At our 10-year bases we have gone over those and we have specified where we definitely want to use two-story wood, either because of the time element—and you build wood faster than you do masonry—or because we are sure that the availability of wood will give you the cheaper construction, even considering maintenance costs.

On other cases we have specified that alternates will be taken for three-story masonry and two-story wood, and we will evaluate those as they come in, considering the maintenance differential.

Mr. RILEY. You do not think you would save any money with a modified SAC plan?

General MYERS. Yes, sir; I think we would. We do not have the Stragetic Air Command plans in other than steel and Thermocon construction. Thermocon is a type of lightweight concrete developed by the Higgins Industries in New Orleans, and we do not feel it would be a safe basis to advertise for bids, because it is very restrictive to that one type of construction.

I am sure we would get great complaints from industry, and we would not be justified in going on that basis. So we do not have a design in the Strategic Air Command lay-out, and we do not have approval of the Office of Secretary of Defense to use it.

NEED FOR EARLY, FINAL DECISION ON PLANS FOR BARRACKS

Mr. RILEY. I was wondering this: If you go ahead and build all these barracks with present plans, with communities and facilities, and then come along later, maybe, and put up one barrack out of the modified SAC plan, all of the people are going to want to live in that one and let the other one stay idle, will they not?

General MYERS. Yes, sir; they would certainly prefer it, but they would not be able to change their stations.

If we could get a decision right quick on steel, that we could use steel——

Mr. RILEY. I was not thinking so much about the steel construction, whether you could get that right now or not, as I am about using that plan in the regular masonry construction if that is going to be the approved plan from now on. Then you will have an obsolete building there before you get it built if you continue to use your own plan. Is that not right?

General MYERS. Yes, sir; it would be obsolete, but it is still a good building, sir. And what you say is true—it is undoubtedly more expensive than the Strategic Air Command plan.

Mr. RILEY. It would not be feasible to get some architects to working and use a little midnight oil and get these things out so we can use this money we have got? You might save enough to build a few extra barracks.

General MYERS. Yes, sir; I think you got a point there. I do not know how much more we can push our architect-engineers than we are doing now.

Mr. RILEY. What do you think of that, General Hardin?

General HARDIN. Mr. Chairman, we have been facing this kind of a thing now for a year. I think we ought to settle on something and build it for a change instead of always having a new one to think about.

Mr. RILEY. I agree with you a hundred percent.

General HARDIN. And that has just been our trouble. We would have a whole lot more built today if there had not been so many changes in thought. I admit it is worth while, but there comes a point when you got to say, "Let's settle on this."

It takes a lot of time and planning and effort to redevise a plan such as is under contemplation and get it out in the hands of the field for

building purposes. Plans have to be prepared and disseminated; specifications carefully prepared and checked; alternate types of construction have to be given consideration, because now we are in a very competitive market and everybody wants to have an opportunity to bid his product. For that reason you must carefully prepare a base plan so that you are not excluding people who have got a right to bid.

Mr. RILEY. I do not know how the other members of the committee feel, but I feel very strongly that we ought to have a basic plan that is going to be adopted as the permanent barracks plan for the armed services, so that we can go ahead and build without having to have new bids, new construction, new specifications every time we want to put up a building. I think that is one thing that costs us a lot of money.

You take National Guard armories. All over the country you can recognize them wherever you see them, and they are all basic. There may be a little change here and there and yonder, but I think you will find that they will get a pretty economical construction on all of them because contractors know generally what type of construction is to be expected.

I agree with you thoroughly that this constant change of plan is most confusing, and I think it is very expensive.

I remember seeing a house constructed across the street from me where the contractor charged the man $1,800 for leaving something off.

General MYERS. Mr. Chairman, the Munitions Board is making a study now to try to arrive at a common design for all three services. The Air Force feels, and I certainly feel, that such a common design for all three services is not indicated.

Mr. RILEY. Is what?

General MYERS. Is not indicated. The needs of the three services are different.

Mr. RILEY. Well, they could at least boil it down to three.

General MYERS. Right; yes, sir.

Mr. RILEY. Do you not think that is a good common-sense view of it?

General MYERS. Yes, sir. We do not want but one design in the Air Force.

Mr. RILEY. Well, why can we not decide on it?

General MYERS. We can, sir, and we are deciding on it here in this last instance now. I do not guarantee, though, that somebody will not come up with an idea that is better than this. This is the third design that we have had, not counting the Strategic Air Command design. And I don't think that we can remain static in these things, particularly a facility that is so important and so vital and makes up such a large portion of our budget.

On the other hand, we have got to give the Corps of Engineers something to build on. We cannot be changing in the middle all of the time.

Mr. RILEY. No.

General MYERS. We got to let them build on a design, give them a cut-off point that is clear when we start with a new design.

Mr. RILEY. The point I am raising now is just that.

General HARDIN. We spent a lot of money, Mr. Chairman, so far on an adaptation of the standard Air Force plans, and we are right now receiving bids. All that engineering work has been done to a

large degree on many of these barracks undertakings, or rather dormitory undertakings, in various parts of the country.

Now it takes engineering and architectural work to even adapt a standard plan. You have got to have your utilities plan, you have got to have your foundation design, you have got to have your foundation design not only for load but also for arrangement. That work has been completed. If we stop now and do it over again, we are throwing a lot of money away.

Mr. RILEY. My thought is that you are not going to get too much construction money too much longer, and you are going to reach the point where you will fulfill your requirements and what you have is going to be there. And if you get a better plan, it is just going to be a blueprint filed away.

General HARDIN. Well, sir, I think for the 1953 program—and I understand it is a sizable one—that would be the time to adapt a new design to the Air Force needs. But there will be considerable time before the 1953 program can be put into the construction stage. But this is all 1952 money and we have a lot of it yet to put to work.

Mr. RILEY. I know there has been very little of that actually used in the construction program, but I think we are definitely faced with the fact that this construction program is not going on forever.

General HARDIN. Well, I am only speaking of the 1952 plan. That is all.

Mr. RILEY. Yes; I would not want to delay the thing; that is not my thought at all. My thought is you had better get what you need now because I very frankly do not feel this is going to continue always, and I think we might just as well face that.

General MYERS. We hoped at the time we made this presentation that we would be able to integrate this new design into the construction program in the latter part of May, but there were delays in obtaining approval. We still have not obtained approval. And there have been delays in getting the design jelled and the contract awarded. So it looks now like the 1953 program is the earliest that we could get a change of barracks design into the program, unless we get authority to build in steel.

Mr. RILEY. That looks like it is some little time away. I do not know. We do not know what the steel situation is going to be.

General HARDIN. Even then I feel that we will have to provide a means for other competitors to bid on an equivalent structure.

Mr. RILEY. I do too. I think you have got to have alternate bids to see which one is going to be the more economical.

General HARDIN. To my knowledge there are only two manufacturers of this sandwich-panel-type construction that can bid, and both of them have different sizes of panels. So it would take either a modification of their construction technique in their mills or we would have to provide alternate designs if we are thinking only in terms of the two standard steel sandwich panels which are in the market at the present time.

I think maybe you could speak more authoritatively on that than I can, General Washbourne, since you have been so closely connected with that sandwich panel. But is it not true there are only two manufacturers of that panel at the moment that are in production?

General WASHBOURNE. I believe that is true, General Hardin. There are several people that distribute it, and you get various bids

on each kind, but there are two basic kinds. That is true. It is in excellent supply, however.

Mr. RILEY. You would have to have separate plans, then, for each type of construction if the sizes were different; would you not?

General HARDIN. You would if you were attempting to get that particular product which is made now incorporated into your design. But they could probably modify their panel sizes, and then come up with a standard if we do embark on this program in a larger way. It is the only way they could compete.

Mr. RILEY. It looks like it would be to the interest of industry to standardize, just like they do in sheet metal roofing and things of that kind.

General HARDIN. I think they will, but it is a rather new building product. It is quite a modern one. There are some commercial uses of it now and they are seeking greater outlet for the product.

Mr. RILEY. Any questions, Mr. Furcolo?

Mr. FURCOLO. No.

Mr. RILEY. Mr. Davis?

Mr. DAVIS. No.

Mr. RILEY. Mr. Donnelly?

TYPES OF BARRACKS STANDARDIZED WITHIN THE MILITARY SERVICES

Mr. DONNELLY. With respect to barracks design, we have had a problem trying to analyze the barracks design for the three services. Now the Navy has agreed on one, which I indicated Admiral Jelley furnished us in the Navy hearings.

As far as the Air Force is concerned, we understand the specification of the Air Force dormitory is different than the Army barracks in that the Army barracks has a squadroom or dayroom, and that the Air Force finds it desirable to have separate rooms for their men because they are on round-the-clock missions.

In tracing through the Air Force dormitories, I believe I have what are the plans for the airmen's dormitories, and the first was December 18, 1950, and they were amended January 1951 and further amended September 17, 1951. Is that the last one, so that the standard airmen's dormitory criterion was September 17, 1951?

General HARDIN. That is correct.

Mr. MCCLOUD. Between December and January was just taking out the personal storage.

Colonel MARSHALL. There is an alternate plan there, rearranging the dayroom in the old 1950 scheme, whereby we made a little more efficient design. I do not recall the date of it.

Mr. MCCLOUD. September 15 is the latest.

Mr. DONNELLY. This is U–0178 and U–0172.

Mr. KURTZ. Yes, sir.

Mr. DONNELLY. With respect to the Army we have three separate design criteria for three different size barracks. We have 105-man barracks of March 25, 1951, we have 225-man barracks of February 28, 1951, and the third one is 165-man barracks of March 15, 1951. So it is my understanding that the Army has standardized on three different types of barracks, and the only distinguishable feature between each of the three is the number of men.

General HARDIN. That is correct.

General MYERS. And the Air Force has standardized on two types—the two-story and three-story barracks.

The KURTZ. The floor plan is identical for both?

General MYERS. Yes.

Mr. FURCOLO. If you cannot get steel, you can use the floor plan anyway?

General MYERS. That is right.

Mr. RILEY. The committee will recess until 10 o'clock in the morning.

TUESDAY, APRIL 29, 1952.

Mr. RILEY. The committee will please come to order. I will ask Mr. Donnelly to proceed with the hearing.

Mr. DONNELLY. Mr. Chairman, in the committee's consideration of the expenditure of money for military construction for the calendar year 1951, the committee has gone into Navy projects, and in some detail on Navy contracting and construction procedure. We are now going into the Air Force projects, and in due time we will reach the Army projects.

EFFECT OF WAGE RATE DETERMINATION REQUIREMENT ON ACCELERATED MILITARY CONSTRUCTION PROGRAM

When the Navy was here before, we did not know about the effect of the requirement of the statute that a wage determination be made, as possibly creating a problem in the matter of the crash program; that is, the obligation and expenditure of large sums of money for military construction on a very accelerated and expedited basis.

CONTRACTING PROCEDURE ON AMARILLO PROJECT

The matter has been brought acutely to our attention by the contract for Amarillo Air Force Base. The Corps of Engineers has furnished a statement indicating that the delay attendant upon getting a labor wage determination may have had an effect in their selection of a negotiated contract instead of a competitive-bid contract on the Amarillo project. I have here that statement, and I would like to insert it in the record at this point, Mr. Chairman.

Mr. RILEY. Without objection, that will be done.

(The statement referred to is as follows:)

DATA FURNISHED BY CORPS OF ENGINEERS, AMARILLO AIR FORCE BASE, SOUTHWEST DIVISION, TULSA DISTRICT, FISCAL YEAR 1951 AIR FORCE PROGRAM

1. A group of 119 barracks were constructed under a contract negotiated in the amount of $9,862,802, and a group of 102 barracks were constructed under a contract in the amount of $6,393,660 for which bids were advertised. A comparison of costs, scheduling, and explanation of the price variation per unit follows:

	Contract No. 1902, negotiated	Contract No. 1963, advertised
Contractor	Del E. Webb Construction Co.	Del E. Webb Construction Co.
Amount of contract	$9,862,802	$6,393,660.
Cost per unit	$82,880	$62,683.
Award date	Mar. 21, 1951	May 10, 1951.
Notice to proceed	do	May 23, 1951.
Scheduled completion date	June 15, 1951	Nov. 15, 1951.
Actual completion date	Aug. 30, 1951	Dec. 23, 1951.
Construction schedule	86 calendar days	176 calendar days.
Actual construction period	161 days	214 days.

2. On March 13, 1951, plans and specifications for the group of 119 barracks were 100-percent complete except for final wage-rate determinations. The plans and specifications were equal to plans and specifications issued for advertised bids. Because of the urgent requirement for these facilities, as requested by the Air Force, proposals were requested of 15 selected contractors. Of 12 proposals received, the Del E. Webb Construction Co. proposal was low. The above proposals were based on a tentative wage schedule which approximated wages in an identical area. In order to initiate work without delay, pending receipt of final wage-rate determination, a letter order was issued to the Del E. Webb Construction Co. and work was initiated on March 27, 1951. Final wage rates were received from the Department of Labor on April 30, 1951. These rates were essentially the same as the tentative schedule issued March 13, and the contract was formalized May 4, 1951 in the same amount as submitted in the low proposal.

3. Had this work not been negotiated it would have been necessary to defer opening bids until receipt on April 30, 1951, of the wage-rate determinations. With a minimum advertising period of 15 days, bids could not have been opened prior to May 15. Allowing several days to analyze the bids and issue the notice to proceed, construction could have been initiated about May 21. It would have required, therefore, approximately 2 months' delay in placing this work under construction had normal advertising procedure been followed.

4. The project comprising 102 barracks was advertised April 23, 1951. A total of 16 bids were received, and the Del E. Webb Construction Co. was the low bidder with a proposal in the amount of $6,393,660, or an average unit price per barracks of $62,683.

5. The low unit price per barracks building under the second (advertised) contract resulted from the fact that the low bidder was fully mobilized on the site with respect to labor and materials and the fact that the construction time allowed for the advertised contract for barracks was approximately twice that allowed for the negotiated contract.

6. The 119-group of barracks was substantially completed on August 30, 1951. The 102-group of barracks was completed December 23, 1951.

7. Utilities were not included in either the negotiated or advertised contracts for the barracks but were performed under a separate utility contract with Bell, Braden, Barker & Gilvin, Inc., which covered utilities for the barracks and other facilities.

SELECTION OF NEGOTIATED CONTRACT BECAUSE OF WAGE DETERMINATION REQUIREMENT

Mr. DONNELLY. Mr. Chairman, you will note from this statement the type of contract selected for the first group of 119 barracks was a negotiated contract; that the contract was awarded on March 21, 1951; and that the contractor was given notice to proceed on that same day, namely, March 21, 1951.

Paragraph No. 2 of this memorandum seems to indicate that type of contract—namely, the negotiated contract—was selected instead of the competitive-bid contract, because of the effect of the requirement of getting a wage determination from the Department of Labor. Now, for your own consideration of this matter, I might say that the statement in paragraph No. 2, I understand not to be quite accurate, because the Engineers actually did not ask the Department of Labor to make a wage determination until 8 days after the contract had been awarded; and I understand further that the Corps of Engineers did not indicate to the Department of Labor there was any urgency in the matter of making the wage determination in these two contracts at Amarillo.

Therefore, it is of interest to look into the procedure for making these wage determinations because of the effect of this requirement on expediting contracts, and for that purpose, and on behalf of the committee, I have asked the Acting Solicitor of the Department of

Labor, Mr. Jeter S. Ray, to make a presentation of this matter to the committee.

Mr. RILEY. We will be glad to hear from you, Mr. Ray.

WAGE RATE DETERMINATIONS ON AMARILLO PROJECT CONTRACTS

JETER S. RAY, ACTING SOLICITOR OF DEPARTMENT OF LABOR
JAMES O'HARE, ASSISTANT SOLICITOR, DEPARTMENT OF LABOR
E. IRVING MANGER, CHIEF, LABOR RELATIONS BRANCH, CORPS OF ENGINEERS

Mr. RAY. Mr. Chairman and members of the committee, I have a statement prepared, and if it meets with your approval, I will present that to the committee.

Mr. RILEY. We will be very happy to have you do so.

Mr. RAY. At the request of the subcommittee, I have looked into the circumstances relating to certain wage-rate determinations issued by the Department of Labor under the Davis-Bacon Act and incorporated into two contracts for the construction of barracks at the Amarillo Air Force Base, Amarillo, Tex., designated as Contracts Nos. 1902 and 1962. In response to requests by the contracting agency, the Department of Labor issued a schedule of wage rate determinations, which it appears from the data furnished to the subcommittee, was later incorporated in the two contracts in question.

LEGAL REQUIREMENT FOR WAGE RATE DETERMINATIONS

By way of introduction, I would like to point out that wage-rate determinations by the Secretary of Labor for laborers and mechanics are required under the Davis-Bacon Act, as amended, to be included in the specifications for every contract in excess of $2,000 for the construction, alteration and repair of public buildings or public works to which the United States is a party. This requirement applies to contracts which are negotiated, as well as to contracts which are let on the basis of advertised specifications.

REQUIREMENT THAT REQUESTS FOR DETERMINATION BE MADE 30 DAYS BEFORE NEGOTIATION

The Secretary of Labor has learned from experience in the administration of the Davis-Bacon Act that requests for wage determinations should be made by the contracting agency at least 30 calendar days before advertisement of the specifications or the beginning of the negotiations for a contract for which determinations are sought. A period of 30 days allows the Department time to secure, assemble or review necessary wage-rate information on which the determinations are based.

This 30-day rule was specifically incorporated in the regulations of the Department issued on May 1, 1951, and published in title 29 of the Code of Federal Regulatilns, section 5.3. While these regulations were not in effect at the time the requests for determinations were made in the cases in question, they reflect the accumulated experience over a period of years of the Department and the contracting agencies

in respect to the time required to make determinations. This normally required processing time enables the Department to secure and evaluate evidence regarding wage rates essential to make determinations throughout the United States, Alaska, and Hawaii. The regulations state, however, that exceptions to the 30-day processing time will be made upon proper showing in unusual circumstances.

NO NOTICE OF NEED FOR EXPEDITING DETERMINATIONS FOR AMARILLO PROJECT.

Turning to the two projects in question, so far as I have been able to ascertain, the Department of Labor had no special notice that the need for these particular determinations was unusually pressing. The various departments, in particular the Department of Defense, followed in most instances the procedure of calling the attention of the Department of Labor by telephone, messenger or visits from staff members to the need for expediting particular cases. I believe that despite the large case load of wage determinations which the Department handles and the particularly large case load on hand in the spring of 1951, we would have been able to speed the processing of the two requests under consideration if the great need for such construction had been brought to our attention.

Wage rates were determined in these cases and a schedule of combined rates, applicable to both projects, was given to the Corps of Engineers on May 1, 1951. The schedule was subsequently mimeographed and mailed to the corps, which is the custom when written confirmation follows oral transmission of wage rates.

With respect to determinations which have been made by the Department for projects in the Amarillo area generally, I am leaving with the subcommittee a chart showing the dates on which requests for such wage determinations were received by the Department of Labor during 1951 and 1952 and the dates on which wage determinations were issued.

And in that connection, the charts are in the packet which we have compiled for the use of the committee, and in which there is also a copy of the Davis-Bacon Act and other information which Mr. Donnelly asked us to procure, and are thus made available to the members of the committee.

Speaking of the Amarillo determinations, there were 26 such determinations in all. Notwithstanding the normally required processing time was at least 30 days, the average length of time taken was about 16½ days. In cases where the attention of the Department was called to unusual circumstances requiring special speed, the determinations were expedited to the greatest extent possible. You may notice in this regard that in two instances, determinations were issued for Amarillo projects on the same date the requests were received.

ISSUANCE OF AREA DETERMINATIONS TO EXPEDITE MILITARY CONSTRUCTION

The Department of Labor follows the policy of giving the Defense Department and the Atomic Energy Commission as much priority as possible in connection with their requests for wage determinations. In order to facilitate defense construction as much as possible when

time is a vital element and construction on a more or less continuing basis is contemplated in the same area, the Department had adopted the temporary expedient of issuing area determinations, which are effective for 90 days. These determinations are issued upon the request of an agency planning volume construction at a particular installation, or in a particular area.

During the 90-day period, the rates contained in the determinations are the prevailing wage rates, which may be incorporated in any advertisement or contract sponsored by the requesting agency in the area. If further construction is contemplated by such agency in the area after the 90-day period and the agency notifies the Department of Labor within 60 days after the determination is issued, a new determination will be issued in time to replace the former one when it expires. Under this procedure, a contracting agency may have available approved area wage rates for use at any time during a period of high priority construction.

This procedure, which is similar to that followed during World War II, was reestablished for the Department of Defense in January 1952 upon the request of Assistant Secretary Anna M. Rosenberg. Similar arrangements have also been made with the Atomic Energy Commission.

PROCESSING TIME FOR WAGE DETERMINATIONS

There seems to be no easy method for reducing the normally required processing time for wage determinations. The greatly increasing volume of construction performed by the Government and the limited staff of the Wage Determination Division of the Department are the factors which determine to a large extent the time, after the request for determination is received, until the rates are established and the determinations issued. The necessity for giving priority to the many requests for urgent projects pertaining to the defense effort has the effect of lengthening the time within which the remainder of the cases can be processed. During the fiscal year 1951, the Department issued 17,177 determinations and modifications. This work was performed by a staff of only 17.

I might add in that connection, that it is my information that the State of New York has a law similar to this and they have 16 people handling this law simply for the State of New York alone.

Mr. RILEY. This means that one person handles over a thousand cases.

Mr. RAY. That is right. The possibility that the increased workload placed upon the Department by the increase in number of projects related to the defense effort would hamper that effort has been placed before the Appropriations Committees accompanied by the request for funds to take care of the situation. An increase in the number of people to do this work would be the most practical solution I could suggest for reducing the backlog with which we are constantly faced.

PROCEDURE REQUIRED BY LAW

Mr. DONNELLY. Mr. Chairman, in the brochure which the Department of Labor has furnished for each member of the committee, we find in item No. 1, which is an excerpt from the Code of Federal Regulations, and on page 2, in section 5.3, the procedure required by

law, and this is the law which requires a wage determination, in this language:

> Requests for the determination of wage rates by the Secretary of Labor or for any change, modification, or review thereof, shall be submitted by the Federal agency on forms prescribed by the Department of Labor. Requests for such determinations shall be initiated at least 30 calendar days before advertisement of the specifications or the beginning of the negotiations for the contract for which the determination is sought; exceptions from this provision will be made only upon a proper showing in ususual circumstances.

That became effective July 1, 1951, and so covered the last 6 months of the calendar year 1951.

Did the same procedure apply, Mr. Ray, to the first 6 months of the calendar year 1951?

Mr. RAY. As a practical matter, yes. Of course, there was no definite ruling to the agency, except they were told they should be given as much time as they possibly could.

PRIORITY GIVEN MILITARY SERVICES IN THE ISSUANCE OF DETERMINATION

Mr. DONNELLY. Now, in what we have called them, the crash program, during the calendar year 1951 for military construction, what was the working arrangement, if any, between the Navy, the Army and the Air Force with the Department of Labor as to expediting or accelerating the issuance of wage determinations?

Mr. RAY. As I pointed out, in this earlier situation——

Mr. DONNELLY. This just came to pass in 1952.

Mr. RAY. That is right.

Mr. DONNELLY. I am speaking of 1951, when great sums of money were obligated on a very accelerated basis.

Mr. RAY. The only thing that I know was done was that when they would call our attention to the need for a wage determination we would give it the first priority and other things would go to the bottom of the pile, and we would, if we had the data available, we would give it to them the same day they would ask for it.

In other words, it would become the first order of business, you might say.

"EXPEDITERS" FURNISHED BY MILITARY SERVICES

Mr. DONNELLY. Did the three armed services send expediters over to the Department to get those things through?

Mr. RAY. Yes; I do not know that the word "expediters" is the proper term. They would send people over, and I know on some occasions there would be quite a number of people, and on one occasion, to some extent, it hampered the over-all work and delayed it somewhat; but in that respect, they did frequently send, as I have indicated, members of their staff; sometimes it might be a messenger, but more frequently it was somebody interested in letting the contract from the staff people in the various agencies.

Mr. DONNELLY. Did the armed services send officers over to get this matter expedited?

Mr. RAY. On some occasions I understand they did.

Mr. DONNELLY. Was it true that there were occasions that there were as many expediters in your department as there were people available to do the work?

Mr. RAY. I think that happened on one or two occasions, that there were so many, that they had to stand in line, to line up for the particular area on which they were working, and according to information I was furnished, there were one or two occasions when there were more people than we had people to do the work.

Mr. DONNELLY. This regulation states that an exception from the 30-day provision will be made upon a proper showing in unusual circumstances.

During the calendar year 1951, what did the Department of Labor regard as unusual circumstances?

Mr. RAY. The mere request from some responsible person in one of the departments or agencies, or the Atomic Energy Commission; it could come by telephone, there was no particular rigmarole they had to go through.

Mr. DONNELLY. And what were the unusual circumstances that were required?

Mr. RAY. Well, the mere fact that it was to help further the defense effort; that was considered an unusual circumstance.

ABSENCE OF REQUESTS BY MILITARY SERVICES FOR AREA DETERMINATIONS DURING CALENDAR YEAR 1951

Mr. DONNELLY. Now, Mr. Ray, speaking of the procedure set up in January 1952, for area determination: was it true in the calendar year 1951 that determinations were made on the basis of individual contracts instead of on the basis of the area?

Mr. RAY. That is correct.

Mr. DONNELLY. And throughout the calendar year 1951, when large sums of money were being obligated on an accelerated basis, was there any substantial attempt made by the Department of Defense and the Department of Labor to remedy the situation by reverting to the area determination procedure of World War II?

Mr. RAY. So far as I know, no effort was made to set up an area determination procedure. Of course, as a practical matter it worked very much the same way, however, because if a redetermination had been made and another determination was requested, and was called to the attention of the Department, a wage determination could be made without any further investigation on the wage rates; and so it could be done rather quickly, but of course, it is much more convenient in the case of an area determination. But in some areas there would be just one project, or there may be one or two projects, and it might not be advisable just to get the reports and set up an area determination, because inherent in an area determination is the fact that we do keep the information current, with any modifications that are necessary which are made from information that comes in, automatically, without anybody requesting it, and the agencies are notified.

REQUEST FOR DETERMINATION SUBSEQUENT TO LETTING OF AMARILLO CONTRACT

Mr. DONNELLY. Now, with respect to the Amarillo Barracks contract, we have here in the brochure in printed form, approved form, the request for determination for wage rates at the Amarillo Air Force Base; and we find the first request dated March 29, 1951,

which was actually 8 days after the first contract was let for the 119 barracks, which was March 21, 1951.

And we find that application was made to the Secretary of Labor by E. Irving Manger, who is here today on behalf of the Corps of Engineers, and the notation is that—

on or before April 6, 1951, he proposes, in behalf of the United States, to negotiate for a contract for the construction of 119 airmen dormitories.

My understanding is that the contract actually, as I indicated, had been previously let. What would be the effect of Mr. Manger's making the requested determination after the contract had actually been consummated?

Mr. RAY. He will have to answer that; I would not want to speculate. I understand in some instances they make an agreement that it will be put into the contract.

Mr. DONNELLY. That would be the second contract. There was a second contract, but we are speaking now of the first contract.

Mr. RAY. Yes. Of course, the provision would require that the determination be made a part of the contract, in advertising specifications—as a matter of fact, on either the specifications or negotiations it is mandatory. I was thinking they may have had some provision in the agreement whereby it was to be supplied later and be entered as a part of the contract, but that is a point on which I think the Corps of Engineers will have to give you the answer.

Mr. DONNELLY. Now, to keep the record straight here, there are three separate determinations in this folder, received from Mr. Manger on behalf of the Corps of Engineers, dated the same day, March 29, 1951, the first one of which we have just referred to. That is an application for determination to negotiate a contract for the construction of 119 airmen's dormitories for $8,800,000, and at the very bottom of this statement we have a notation, required date, April 19, 1951, 1 month after the contract had actually been let.

The second of these requests is for the same date, from Mr. Manger on behalf of the Engineers, for the construction of 136 airmen dormitories, and this indicates that the Corps of Engineers plans or intends to advertise specifications at an estimated amount of $10,880,000, and again we find at the very bottom a notation, required date April 19, 1951, and actually that contract was let on May 10, 1951.

Then the third determination, again date March 29, 1951, for a wage determination to negotiate another contract for the construction of hangars, training aids building, and operations building for approximately $1,700,000, and again at the bottom we find the notation, required date April 19, 1951.

The next document is actually a decision of the Secretary of Labor dated May 1, 1951, and in the upper left-hand portion of this document, we find four numbers beginning with the letter K. Mr. Ray, what does that number refer to?

Mr. RAY. Those are the numbers that the Department applies to the determination document.

Mr. DONNELLY. The Department of Labor?

Mr. RAY. Yes.

Mr. DONNELLY. In other words, you assign certain numbers for identification purposes within the Department of Labor?

Mr. RAY. That is correct.

Mr. DONNELLY. We note in this document that the decision is specifically limited to the construction by the Department of the Army of hangars, training-aids building, an operations building; construction of 136 airmen's dormitories; construction of 119 airmen's dormitories; and construction of seven 1,000 men's mess halls at Amarillo Air Force base, near Amarillo, Potter County, Tex.

This is not an area determination, is it, Mr. Ray?

Mr. RAY. No, sir; it is a project determination.

Mr. DONNELLY. This is a determination which is based on a specific construction, or base operation; is that correct?

Mr. RAY. A specific project.

ADVANTAGES OF AN AREA DETERMINATION

Mr. DONNELLY. Now, under any area determination arrangement the language would read somewhat like this: I have a determination of March 23, 1952, in case No. L–8098, with regard to the contract by the Department of the Army for the construction of building roads, utilities, and so forth, at Camp Atterbury, Ind. This determination is not limited to that one construction job.

Mr. RAY. That is correct.

Mr. DONNELLY. It refers to projects generally at Camp Atterbury.

Mr. RAY. That is right.

Mr. DONNELLY. The advantages of making an area determination is that the construction service, namely, the Corps of Engineers, is not required to come back to the Department of Labor to get a new determination if they find it necessary to award a new contract to do work.

Mr. RAY. That is correct; that is the principal advantage. We keep the data current, and if some rates are changed, we would notify them. In other words, it is a continuous determination and it is good for the period of 90 days.

QUESTION AS TO CIRCUMVENTION OF BACON-DAVIS ACT BY AMARILLO CONTRACT

Mr. DONNELLY. With respect to the application for a determination for the 119 airmen's dormitories at Amarillo, for which a contract had been awarded prior to the Army's application to the Department of Labor for a wage determination, do you regard that situation as a circumvention of the Bacon-Davis Act?

Mr. RAY. If, in this critical period, the determination was by some arrangement, which I understand, was followed in many instances; that is, to later put it in the contract in conformity with the determination, then I would say that it would be a substantial compliance with the Davis-Bacon Act under the circumstances, because it would be difficult to say it was a circumvention where they are not trying in some way to avoid getting a determination into a part of the contract. I think you might call it cutting corners a little; it is not the normal procedure. The normal procedure would be to obtain the wage rates and include them in the advertised specifications and other specifications in getting bids on the contract so the contractor will know what he will have to pay; that he will have to pay at least these wage rates. Of course, as a practical matter, in most instances,

they know that anyway; they know with a fair degree of accuracy, most contractors know what the prevailing rate is in the area, and sometimes they claim they know that better than we do.

COMPARISON OF PREVAILING WAGE RATES AND ACTUAL WAGE RATES

Mr. DONNELLY. How does the prevailing wage rate, as determined by the Department of Labor, under the Bacon-Davis Act compare with the actual wage rates in the area; generally speaking, is the rate higher, and have you had some complaints from contractors on that account?

Mr. RAY. It is supposed to be a somewhat factual determination of what the wages are as being paid to the major or the larger groups in the particular craft; that is what we undertake to find out in the prevailing field. Sometimes our data is incomplete in a large undertaking of this kind, and we have had some errors creep in, but if they are too high, that is very quickly called to our attention.

Mr. DONNELLY. By whom?

Mr. RAY. By either the contracting agency or by the contractors' association, who receive copies of the determination of the wage rates, both the unions and the contractors' association, and of course the contracting agency, and they know what the determination is, and when anybody finds an error in one of these determinations, there seems to be no feeling of hesitancy to let us know about what they seem to feel is proper.

Mr. DONNELLY. These wage determinations by the Department of Labor actually fix the amount of the money that the United States Government pays for labor on military construction?

Mr. RAY. In many cases it fixes the minimum amount that must be paid; the minimum in all cases. Sometimes the contractors find as a practical matter that they have to pay higher wage rates than that determined.

Mr. DONNELLY. Have you had few or many complaints that the wage rates as determined by the Department of Labor are higher than the actual rates in the area?

Mr. RAY. Well, recently we have had very few complaints they were higher. There have been some complaints that we have made errors in the selection of the particular kind of wage rates as distinguished from the wage rate itself, for instance, the wage rates would be different between, for example, a highway construction job and an industrial construction job in a plant, where the amount of the rates had been paid by the highway association, where they claim that we should take the highway rate; or where we have taken the rate paid on the projects of a similar character. If it were a highway construction job, we would, of course, take the highway rate regardless of whether it was higher than it was in a plant road-building project—shall I go ahead?

Mr. DAVIS. Suppose you complete the statement, if you have not completed it.

Mr. RAY. In a plant road project, where there were projects of the same character, the rate would be selected for that, even though it was either higher or lower, as the case may be. That might cause some complaints. I do not mean to say, however, that we do not have complaints that the rates were higher; there have been occasions

where it has been found necessary to modify the rates and to lower them. The reason usually is that the data we had was not complete, or perhaps inaccurate; and it may have been that in the rush of things to get the rates out, we would take the rates for the next town in order to make the wage determination, to supply the information, when, as a matter of fact, the rates in a town 50 miles away might have been lower or higher, and under those circumstances we sometimes find it necessary to modify the rates.

Now, with respect to the Amarillo Air Force base rates, so far as I know, there has been no question about them. They are the rates which seem to predominate in private construction in that area, and so far as we know, there has been no question raised in regard to their accuracy.

Mr. DONNELLY. Now, Mr. Chairman, at the committee's request, Mr. Ray has had prepared a schedule in the brochure of the actual work at Amarillo in the matter of applications for a determination made to the Department of Labor by the Corps of Engineers, the date of the determination by the Department of Labor, and the time required for determination as shown in the last column, giving the number of days involved in making the determination in each instance; and for Amarillo, in the last column, we find 12 days, 30 days, 2 days, 19 days, 0 days, and so forth.

In each of these cases, as I understand it, Mr. Ray, there was an obligation on the part of the Corps of Engineers to get a wage determination even before the Corps of Engineers was permitted to negotiate a contract; is that right?

Mr. RAY. Well, that is true under the regulations; yes.

Mr. DONNELLY. And as we have seen from the large contract schedules, the amount of time actually available to the Corps of Engineers in negotiating contracts has been severely limited, on occasions only 4 days or 10 days actually being available for that purpose.

QUESTION AS TO DELAYING FACTOR OF WAGE DETERMINATION PROCEDURE

Now, is it true that the number of days involved in the consideration by the Department of Labor is a delaying factor, insofar as the right of the construction services to negotiate a contract is concerned?

Mr. RAY. Well, maybe in some instances. So far as we know there have been no instances of any substantial delays that have been called to our attention. But we have even had our people working overtime and coming in early in the morning and in the evenings and on Saturdays in order to get out the information requested.

Mr. DONNELLY. Do you know whether this creates a problem in the acceleration of expedited contracts for military construction?

Mr. RAY. Well, of course, to some extent there is a problem, because it is just another requirement that has to be met in making a contract, and anything which they have to do along this line is bound to hamper, to some extent, the speed with which they can proceed. If they depend on it, and if we do not act expeditiously, of course, they are held up. Even the mere necessity of asking for a determination would take a little time, of course, depending upon what might be involved. If it is an overnight affair, it might be done expeditiously,

and if we had the funds—if we had the funds we could act very quickly, using the telephone or the telegraph, and we could probably give it to them in 24 hours—any determination.

Mr. DONNELLY. With regard to the situation, does the Department of Defense give the Department of Labor advance notice of the area in which the Department of Defense intends to engage in a large-scale construction program?

Mr. RAY. Well, they do sometimes. I suppose they do where they know in advance that they are going to need the determinations. But I am really not in a position to say that, because as a practical matter the time actually usually is short. I do not know whether it is because the time they have is short, or whether they have waited until somewhat the last minute to ask us for this. There has usually been a fairly short time, particularly on rush projects.

EXPEDITION OF DETERMINATIONS FOR ATOMIC ENERGY COMMISSION

Mr. DONNELLY. With respect to the Atomic Energy Commission project in the Amarillo area, we find on one contract that the construction of the Santa Fe operations office in the vicinity of Amarillo was such that the Department of Labor received a request January 16, 1951, and made its determination 3 days later, January 19, 1951. The time required for determination was 3 days.

The next we have is for construction work by the Atomic Energy Commission near Amarillo, and the date received was January 29, but 3 days prior to that a formal submission of the Department of Labor, January 26, 1951, had furnished the wage rates by telephone to the Atomic Energy Commission.

What is involved in furnishing the wage rates by telephone? Does somebody have to sit with the telephone and read off a long mimeographed or type schedule of wage rates?

Mr. RAY. Yes, they have to read the rates. The man at the other end will usually have the schedule. It would take a matter of about 15 or 20 minutes.

TIME REQUIRED FOR DETERMINATIONS FOR CAMP PARKS AIR FORCE BASE

Mr. DONNELLY. Now, for the committee's further consideration I have asked Mr. Ray to have prepared a statement of the determination of wage rates for Camp Parks Air Force Base in California, where there was so much money spent in such a short period of time, necessarily, and we find here that the time required for determination is 21 days, 8 days, 37 days, and 10 days, for each of four separate requests.

In none of these cases is there any indication that the Department of Labor was asked to expedite the wage determination for Camp Parks. Do you know if these were issued on an expedited basis by your Department?

Mr. RAY. So far as our records go, there was no request for expediting.

WAGE DETERMINATIONS FOR SAMPSON AIR FORCE BASE

Mr. DONNELLY. Now we turn to the Sampson Air Force Base, where we have seen from the payroll there was such a tremendous amount of double time paid for overtime. We find there that a request was made on March 2, 1951, for a wage determination, and that your department had previously, on February 21, 1951, made the determination.

By way of time on this Sampson situation, the original contract was December 27, 1950. That was some 2 months before the Department of the Army asked the Department of Labor for wage determinations, and the wages paid are reflected in payrolls which we have, which show double time has been paid consistently there.

That contract, which was a lump-sum contract, was terminated on February 23, 1951, and a CPFF contract commenced to operate at about that time, February 23, 1951.

Do you know whether the Department of Labor was asked to make a wage determination on the original Sampson contract of December 27, 1950?

Mr. RAY. We included all the determinations that were requested of the Department in this data we furnished in this brochure here. Mr. O'Hare may have that.

Mr. O'HARA. Do you have that page? [Indicating.]

Mr. DONNELLY. I do have it.

Mr. O'HARA. Four thousand and four.

Mr. DONNELLY. I do have it. I thought all of Sampson would be on one page. It is the last page we have it here.

Mr. O'HARA. I think that answers the question.

Mr. DONNELLY. It does answer the question.

For the rehabilitation work at Sampson the date that the Department of Labor received the request was December 8, 1950, and the determination was made on December 15, 1950. The time required was 7 days.

For the construction of various buildings, roads, and utilities, the request was received March 2, 1951, and the determination was made February 21, 1951. The request was made before the transmission was officially received.

In both instances the rates had been telephoned to Mr. Manger, of the Legal Division of the Corps of Engineers.

EFFECTIVENESS OF DETERMINATIONS THROUGHOUT LIFE OF CONTRACT

Mr. Ray, if a contract is let on the basis of wage determinations—that is, a firm contract—do those determinations govern throughout the life of that contract, or are they revised 90 days later?

Mr. RAY. Once the contract is let the determination that is in effect at the time it is let is controlling throughout the period of the contract.

Mr. DONNELLY. Is that true in all three types of contracts; the competitive-bid contracts, the negotiated contracts, and the cost-plus-fixed-fee contracts?

Mr. RAY. That is true; the same rule would apply.

Mr. DONNELLY. It probably would apply for the competitive-bid and the negotiated contracts. I am sure that would be so. Are you sure it applies to the cost-plus-fixed-fee contract situation?

CIRCUMSTANCES UNDER WHICH RATES ARE REDETERMINED

Mr. RAY. In respect to that I am not sure. I think it is really maybe a question of law. The contracting agency, if there is an inadvertence and we have determined a rate lower than the prevailing rates, would come in normally and ask us, particularly in a cost-plus-fixed-fee case, to redetermine that rate, because if it had cost-plus contracts and we have determined the minimum rate and it had to pay more than that minimum rate for the job, then, of course, to get the job done, that is what they are going to do. If we determine the rate too low that is what they would do; they would come in and ask us to modify the determination.

Mr. DONNELLY. Suppose you determined the rate too high for a cost-plus-fixed-fee contract. Suppose that the actual prevailing rate drops at the end of 3 months or 6 months. Do you make redetermination of the lower wage rate, and is that applicable to the balance of the CPFF contract?

Mr. RAY. We generally make a determination any time the agency asks us to. Of course, on a cost-plus-fixed-fee contract, that is an entirely different thing, I think, from the other two. If we would make a determination and they went ahead and lived up to it, of course, that would be perfectly appropriate, and we would make such a determination, because we feel that we have nothing to do about how long the particular rates are good, insofar as a particular contract is concerned.

If we did not determine it, they would have a very easy way of getting around it, by going through the formality of canceling the contract and reletting the contract again, in that way, so it would serve no good purpose not to modify the rates either upward or downward so far as the cost-plus-fixed-fee contract is concerned.

PERIOD OF EFFECTIVENESS OF AREA DETERMINATIONS

Mr. DONNELLY. In your formal presentation you spoke of a 90-day period during which wage-rate determinations are effective. Is that limited only to area determinations, as distinguished from a contract determination?

Mr. O'HARE. No, it is not limited to area determinations. In other words, that particular determination has to be used within the 90 days.

Mr. DONNELLY. So if the determination is for a specific contract, if that contract is not let within 90 days from the decision of the Secretary of Labor, then the construction service must get a new determination?

Mr. RAY. That is right.

Mr. DONNELLY. Now, on these new area determinations, as I understand it, the area determination governs for a period of 90 days during which the construction service can let as many contracts as it wants in that area, using that determination?

Mr. RAY. Yes.

Mr. DONNELLY. As a practical matter it would be toward the close of that 90-day period. Then does the construction service apply for a new determination to be effective for the next 90 days?

Mr. RAY. Yes, sir. At the end of 60 days.

Mr. DONNELLY. At the end of 60 days they apply, and that allows the Department 30 days to decide whether or not to modify the wage determination for the second 90-day period?

Mr. RAY. That is right.

ACCEPTANCE OF AREA DETERMINATIONS BY LABOR AND CONTRACTORS

Mr. DONNELLY. When the Department of Labor makes the area determinations are they, generally speaking, accepted both by labor and by the contractors?

Mr. RAY. Yes, sir.

Mr. O'HARE. Yes, sir.

Mr. DONNELLY. Or is there dissatisfaction with them?

Mr. RAY. We have had very little dissatisfaction in the area rates that we have made so far. None has come to my attention. Mr. O'Hare indicates to me that none has come to his attention. He would be the one to most likely receive it in the first instance, at least.

Mr. DAVIS. What alternative do they have? These regulations have the force of law. They go ahead and do it. What opportunity would you have to know of their dissatisfaction if they were dissatisfied? The law is there.

Mr. RAY. Mr. Congressman, many of these union people, particularly, and I would say the same thing for the contractors, are not particularly modest. They simply sometimes raise the roof if the rate we find is too high or too low. They have no hesitancy in coming in and asking that there be some modification made. Of course, if the Secretary adheres to the determination as made there is really nothing much they can do about it.

The Secretary normally is a very reasonable person, and they know that, so they do not hesitate to see that any views they have are brought to his attention, if they have strong feelings about it.

Mr. DAVIS. Let us take a cost-plus-fixed-fee contract. Let us clarify your statement in that respect first, if we may.

You have stated that the act applies, or the requirement applies, to contracts which are negotiated as well as to contracts which are let on the basis of advertised specifications. Is it not also true that the requirement would apply with respect to a cost-plus-fixed-fee contract?

Mr. RAY. That is correct.

Mr. DAVIS. Now, if you set it too high, who is going to complain under those conditions?

Mr. RAY. Well, the contracting agency in most situations would be the most likely complainer, because it is their funds that are being spent. We have normally found them to be very protective in regard to those funds, at least so far as the wage rate part of it is concerned. I do not know about the other.

Mr. DAVIS. Do you have recollection of any specific instances in which a Government agency has complained about the settlement being too high?

Mr. RAY. I cannot name any particular cases. Mr. O'Hare may be able to. I know it has happened on occasion.

Do you remember any, Mr. O'Hare?

Mr. O'HARE. It is not a question of the rates so much as it is on the application of the rates to a particular project. In other words, we have two sets of rates for road work in a particular area. The agency might say that the open highway rates are applicable, instead of the rates which are paid in connection with industrial plants. That is mostly the question. They are not interested in the rates themselves.

In the Amarillo field case these rates are rates paid by the Associated General Contractors of Amarillo. For example, there is a hospital there in Amarillo, a high school, an old folks home and a junior high school, on which the rates as determined were paid, as I remember it. The community rate without question about it, was followed in making a wage rate determination for this contract.

Then you mentioned the cost-plus-fixed-fee contracts, as to who would complain except the agency. The contractors would complain. In the first place, the workers on the Federal work, the cost-plus-fixed-fee work, would be getting in excess of the rate in the area, and the contractors would lose manpower on that account. They would all want to work for the Government.

Mr. DAVIS. In that case it would be the contractors who are not parties to this particular contract.

Mr. O'HARE. That is right; the local contractors.

Mr. RAY. Then, also, the contractor himself might complain, because it might disrupt his general wage scale. He may be a man who is doing other construction work, besides the Government construction, and he may use his men interchangeably. That would give him a basis for objection.

Mr. O'HARE. That situation would exert itself on the local wage structure.

Mr. DAVIS. Very much so.

Mr. RAY. Congressmen and Senators sometimes have raised that particular question, that the wage rates determined were not correct, for example, on the Savannah River project. That was one of the main problems there, that those wage rates would completely disrupt the area.

The Secretary of Labor had a meeting with several Members of Congress and the Senate, and the Governor of North Carolina, and possibly of South Carolina, and maybe some of the others, with regard to that matter. All of those factors were taken into account in that particular case, in the setting of the rates. Finally, when they were set, what started out as a tremendous protest, before they were even set, vanished down to the point where there has been very little. Everybody seems to be pretty well satisfied now that they were properly set.

Mr. RILEY. It has worked pretty well.

Mr. RAY. It seems to have.

Mr. DAVIS. I do not know how honest an indication you are going to get from that. The same merchant who complains about the Government hiring away his clerk is going to be happy about the fact that the pay checks are coming into the community to buy his products. How honest a complaint are you going to get under those circumstances?

Mr. RAY. Mr. Congressman, those are not the people who complain. The people who complain are men like Governor Byrnes of South Carolina. He was one of the stanchest complainers, on the basis of incomplete information he had to start with in that particular situation. Those people do not fold up their tents just because some of what they might call bureaucrats have taken some action. They take the hide off of them all the way down the line, as a rule, if their action has been what they consider to be arbitrary. I think they consider it their duty as citizens not to let it die a normal death.

This is my own personal opinion, of course, but I think that you do have to pretty much operate under a microscope on these things.

Mr. DAVIS. Excuse me for the interruption. I do have some other questions I would like to ask, but I just wanted to ask about that particular point at that time. You go right ahead.

SOURCE OF INFORMATION ON AREA WAGE RATES

Mr. RILEY. From whom do you obtain your information in determining these wage rates in any given community?

Mr. RAY. From various sources. Primarily it is the unions, if there are unions. They send in the wage data. There are also the contractors' associations, particularly the Associated General Contractors, who are very helpful in sending in information. They keep us supplied with information that we need.

Also, we write to individual contractors or individual unions or other people. Sometimes, where there is some controversy about it, a particular controversy about it, hearings will be held, at which notice to the public is given, and all interested people come in and evidence is taken. That does not happen very often.

There is also an intermediate step which we sometimes take, where a problem is created as to what the wage rate is, and that is to have an investigator go out and make an on-the-spot investigation and bring back his data. All of that is analyzed, and from that the wage rate is determined. There are several procedures which are followed, depending on what may be best suited for the particular situation.

COMPARISON OF WAGE RATES ON GOVERNMENT AND PRIVATE CONSTRUCTION PROJECTS

Mr. DONNELLY. Mr. Ray, is it generally true that the wage rates on Government contracts are higher than the wage rates for private construction contracts?

Mr. RAY. Well, that should not be the case. The basic rate should be the rate which is being paid for work on similar projects.

Now, one reason that accounts for that would be, for example, that we would have a wage rate determined on an open highway project, which would be carried on right by the side of an industrial operation, where they were building roads. Those men would be doing exactly the same kind of work, the men on the highway, building the highway right out in front, and though they would be doing the same kind of work, practically, that the men in the industrial plant installation, in the plant road building, would be doing there might be in that particular area a higher rate for that in-plant highway construction work. There is in some areas.

Under the law as it now reads we have to determine the rate which is paid on projects of a similar character. Therefore, we would have to have to take the higher rate in setting the rate for that particular project.

Many times, however, those rates do coincide, so you have no problem. However, that has been one of our problem areas.

The law, before it was amended in 1935, simply made the test "work of a similar character" and in that situation you would have taken into account the work on the highway and also the work at the plant installation. But it was amended just for that purpose, the legislative history shows, so that you would determine for a project of a similar character rather than for work of the same nature.

Mr. DONNELLY. I have some basis for the question. In the work of evaluating the files on military construction contracts which were let in 1951 we came across, time after time, strong complaints from the field services of the Army and the Navy—and I think this is more applicable to the Navy—that the wage determination by the Department of Labor was much higher, and unjustifiably higher, than the actual wage rates in the area.

Mr. RAY. Well, that could have happened. If it did happen it would certainly be reconsidered. In other words, if they have any evidence on that score, it would certainly be considered. Now, some people may reach that conclusion by ear. We require, so far as we are able to, with our limited staff, payment evidence to show that the wages we determine, particularly in controversial areas, are actually being paid to the majority of the people in a particular craft and on the same type of project.

Mr. DONNELLY. This type of comment is not made by ear. It is actually made by responsible officials of the armed services who have the actual physical job of constructing something on the site.

Mr. RAY. If they can demonstrate any situation where that is the case, we would be glad at any time to do what we can to check it. What we are supposed to do is to determine the rate that prevails. The main test for determining that is what are the majority of the people in that particular craft being paid for that particular kind of work.

If mistakes are made on that score, they would correct them. I know I would. I think Mr. O'Hara would.

I know that the Secretary would see that a correction was made in any case where that was brought to his attention, because the Secretary is particularly firm that we should not be accused of being any way partial to the laborers in this situation. He wants to see that they get justice, but that is all; no more, and no less. I know personally he feels that to fix a higher rate than is actually being paid does more harm in the long run to them than it does good, and he would not be properly promoting their interests if he did not fix the rate according to what the situation actually was.

Mr. DONNELLY. Is the procedure so cumbersome that if the man who has the responsibility for doing the work—let us take a District Public Works officer out in the District—thinks the wage rates are too high that he cannot do anything effective about it? Does he have to go up through the command channel, through the Department of the Army or the Department of the Navy, and take it up with the Secretary of Labor from that level; and then the Secretary

of Labor, sometime after the fact, so to speak, takes action, so that by the time he gets around to doing something the damage has been done on the job?

Mr. RAY. The only thing I know that might require it would be that it might be the rules of his own agency to do so. So far as the Department of Labor is concerned, we are interested in and will consider communications from the lowliest private citizen in the country. We have no particular rules with regard to who submits information. We do receive a lot of communications from private citizens in that regard.

Mr. DAVIS. Of course, you would have no control over the situation where you set a rate, we will say, for carpenters, which is the prevailing rate for skilled carpenters in that area, but then the contractor going out and hiring anybody who can lift a hammer or hold a saw and paying those rates? You have no control over that, do you?

Mr. RAY. No, but, of course, in that situation he would have to pay the rate prevailing for carpenters in that area, if the man were doing carpenter work. Even if he is just a jack-leg carpenter he would have to pay the rate. Obviously, you can find certain people doing carpentry work for a rate lower than the regular carpentry rate.

Mr. O'HARE. It may be that these contractors do not understand the type of project we have to look to in determining these rates. For example, we cannot take residential construction into consideration, because the Government is not building small houses. Customarily there is a difference in rates for that type of work.

If you take the Amarillo Field work it is commercial construction, and the commercial rate is applicable.

Mr. RILEY. If you give them a minimum rate there is no restriction on the contractor paying more, if he is trying to expedite his construction, is there?

Mr. RAY. No, sir.

Mr. RILEY. That is a matter of agreement.

Mr. RAY. That is right.

Mr. RILEY. He just cannot go below the wage rates you set.

Mr. RAY. Of course, the stabilization program, which is separate, may enter into that at some point. So far as the Davis-Bacon Act is concerned, and the work we do in normal times, it is the minimum, and he can pay higher.

Mr. DAVIS. Let us take the situation, Mr. Ray, of the cost-plus-fixed-fee contracts, where there is a job to be done. In fact, I could cite you one in Wisconsin. They need somebody who can hammer nails and saw some 2 by 4's, so you set a minimum rate for carpenters, which is the rate for skilled carpenters. So this contractor has this cost-plus-fixed-fee contract. He is anxious to get the job done, so he goes out to all the little villages around there and picks up some men who are 60 years old, who have retired off the farm or something, but who can still pound a nail, and he brings them in and pays them the skilled carpenter's rate. He is doing that because it is no skin off him. Uncle Sam will pay for that anyway. His interest is to get the job done.

Here the employee is not going to complain. Nine times out of ten the local people are not going to complain, for they are kind of glad to see Old Joe get this job. The contractor will not complain, because he is not footing the bill. Uncle Sam is footing the bill.

Is the District Public Works officer or the representative of the Government agency going to complain? Nine times out of ten it may be that his job is to get that job done, so he is not going to complain.

Who in the world is going to complain under those circumstances, if that does exist; and we know it does exist.

Mr. RAY. I do not know of anybody who would normally complain, unless it were the contracting officer. Normally the end product might not be of the quality it would be if he had paid the same amount out and obtained skilled carpenters. In other words, a skilled man can do a better construction job than pick-up carpenter could.

What they might do in a lot of cases like that is that they would have a corps of skilled carpenters, and then have these other people merely assist them, in which event, if the status of their work did not rise to the dignity of being carpentry work, they might use the laborer's rate for those particular people.

Mr. DAVIS. There is no real incentive to do that, though, is there?

Mr. RAY. Well, not except as good citizens. I suppose the contractor should hold down the cost to the Government as much as possible. Under the law, of course, and under his contract, I would assume, so far as I know, that would be a place where the Government could come out on the lower end of the deal.

Now, these gentlemen from the contracting agencies may have some way of handling a situation like that. I hope they have.

Mr. DONNELLY. I have no further questions of Mr. Ray.

ISSUANCE OF REGULATIONS NECESSARY TO ADMINISTER THE DAVIS-BACON ACT

Mr. DAVIS. I do have some other questions. There is one thing which probably ought to have clarification, and that is that when counsel referred to this he referred to it as being the law. Actually it is a regulation by the Secretary of Labor, which is given the effect of law.

Mr. RAY. Probably so. The directions in these regulations address themselves to other Government agencies. If they do not live up to the requirements in the regulations—they are, of course, bound to do so, but it is a little different when you have a situation like that than the one you would be in if we were making a law which governed the contractor himself.

Basically these regulations were issued under Reorganization Plan 14, which gave the Secretary of Labor the duty to prescribe regulations and to coordinate the administration and enforcement of various labor laws including the Davis-Bacon Act.

REGULATION ON OBTAINING DETERMINATION 30 DAYS BEFORE NEGOTIATION

MR. DAVIS. There is nothing in the law itself that requires the request to be initiated 30 calendar days before advertisement of the specifications, is there?

Mr. RAY. No, but it does contemplate that it be obtained. The law does contemplate that these determinations be obtained prior to

the date of negotiation or advertisement of the contract. The exact period, of course, was fixed. I might add, it was after consultation with the various contracting agencies. All these regulations were promulgated after consultation with the agencies.

As a matter of fact, I think we have found some places in them where they probably ought to be changed, and that is being considered just at the moment.

CHANGES CONSIDERED RELATING TO STIPULATIONS REQUIRED TO BE INCLUDED IN CONTRACTS

Mr. DAVIS. There are under consideration proposed changes in order to make it possible to speed up this procedure, or to eliminate some of the steps that would ordinarily be taken in a time of emergency such as we are in now; is that what you mean?

Mr. RAY. Well, they go mainly to something else. The proposals for changes go mainly to the stipulations which are required to go into the contract. Some of them were found to be a little cumbersome, and in some instances a little ambiguous, so they go mainly to that.

I do not know of any changes which are proposed which would do much speeding up of the wage-determination process. I do not know of any way to speed that up. It is just one of those things that you have to do the best that you can with what you have. But there are certain requirements in these regulations with respect to submitting payrolls and affidavits and certificates and that kind of material, that some of these laws like the Anti-Kickback Act require, that we are trying to make as simple as possible; and there is some possibility of even further simplification. That is mainly what we are considering.

Mr. DAVIS. Then with respect to the discussion which was had here on sending expediters over in order to get some of these things cleared, if you were in the position of the contracting agency and you were being told you had to get these jobs done in a hurry, is that not probably what you would do, to send somebody over there and say: "You stay there until you get the clearance."

Mr. RAY. I certainly would. I do not blame them at all for doing that. In other words, they wanted a determination, and they could get it out quicker that way, although somebody else had to suffer.

For example, if you want to paint the dome of the Capitol, if that determination would have to wait until the Army or the Corps of Engineers got some particular problem through, naturally it would delay it. It would apply to a situation like that.

The evil of that is that if we could have had some part of the funds being spent to expedite our wage determinations we could have done the expediting much cheaper than having it done that way; but I do not know how you can handle a situation like that, because these things come in peaks, and to some extent valleys. I do not think they are subject to criticism. At least, I would personally feel they are not subject to the slightest bit of criticism for trying to get an important project rushed through. I think they might be subject to criticism, as a matter of fact, if they did not do everything they could to put them through.

Mr. O'HARE. The contracting agency representatives might tell you how the area determinations have worked out in practice.

Mr. DAVIS. I asked you about some of these changes that you have under consideration. None of them contemplate the suspension of any of these requirements during the period of emergency, or any recommendations of that kind?

Mr. RAY. No. That would require Presidential action.

As I understand it, the Defense Mobilization Director and the people in authority in the Government have recommended publicly to the President that there be no relaxation of labor standards during this period. There was none during World War II. So, judging from that, consideration is not being given at this time to suspending the operations of these laws.

EFFECT OF DETERMINATION ON WAGES IN AREAS WHERE GOVERNMENT IS PREDOMINANT CONTRACTOR

MR. DAVIS. Is not the effect of your determination of the prevailing wage in many of these areas where the Government is itself a predominant contractor that of freezing the wages at the level prevailing at a time that a large contract is let?

Mr. RAY. Well, that could be one of the results. In other words, it would set a ceiling—rather, it would set a floor below which wages could not go for the period of a particular contract. How long that would be for the average contract to run I do not know, but that would be the result.

On the other hand, it might also have the opposite result during this day and time. The wage rate would be set in January of 1951 and would be good for a contract which ran 2 years. At the end of 2 years the rate would have gone up, whereas normally in normal areas, if it were predominantly Government construction, the prevailing rate would remain the same, because that is what is being paid.

Mr. DAVIS. The prevailing rate, though, is only the minimum wage; is it not?

Mr. RAY. Well, it is the prevailing rate. When it is determined, that is the minimum rate to be paid.

Mr. DAVIS. That is right. It is not the maximum rate.

Mr. RAY. It is a floor. That is right; it is not the maximum rate.

Mr. DAVIS. The only effect it could have would be to make the prevailing wage the minimum wage in that community during the duration of a large Government contract; is that not true?

Mr. RAY. To some extent it is; but on the other hand, if it were in an area where Government construction predominated, then it might also stop the upward rise of wages to the extent, at least, that they would rise in other areas that were not so restrained. I think it might work both ways.

Mr. DAVIS. Has it not been your experience that under conditions of that kind the Government contractor or the contractor working for the Government usually takes the lead in raising wages in order to keep those people working on the Government job?

Mr. RAY. Some of them certainly do.

Mr. O'HARE. And the opposite is true, also.

Mr. DAVIS. What do you mean by the "opposite is true"?

Mr. O'HARE. Well, I am thinking of three large projects in particular. I think you are mainly concerned with the long-term projects, where the rates were established. There were three of them for which

rates were determined in 1946. Those rates remained practically stationary on the three projects for the duration of them, some 3 years.

So, they do not necessarily go up in an area. Your contractor really cannot do that. He has bid a job at a certain price.

Mr. DAVIS. I am primarily concerned with the situation where he has not bid, where you have a cost-plus-fixed-fee contract, and nobody has an urgent interest in keeping the cost down under those circumstances.

Mr. O'HARE. Well, of course, that is in the contracting agency's hands. That is a question of whether they will authorize the additional reimbursement. I understand they have a method of determining that, too; that they determine that the new rate is actually prevailing before they will authorize it. The jobs I had reference to are lump-sum affairs.

NEED FOR ADDITIONAL FUNDS TO SPEED UP DETERMINATION PROCEDURE

Mr. DAVIS. As I understand it, the only suggestion for speeding this thing up that you can make, then, in the absence of any reduction in requirements here, is for more money for more people to handle those applications faster; is that about it?

Mr. RAY. Outside of the steps we have already taken, that is true. If anybody can suggest any other steps we can take, which would aid in speed on these matters, of course, we would be glad to try to work them into it. But we have put in the area determination and the procedure for quick action on priority matters. We have also instituted several business-management type of improvements, whereby we have forms where we formerly did not, and we have simplified some of them. We have taken a few steps like that. We have tried to do some of those things. After you have done that, then the only thing you can come out with is that you just have to have more people to handle the job.

Mr. O'HARE. Here in Washington we have an area determination for the Corps of Engineers. It covers Washington and the nearby counties in Maryland and Virginia. In the Washington area the Corps of Engineers can let a contract in 10 minutes, so far as we are concerned. They do have the rates at all times for Camp Meade, and Fort Belvoir, and the Pentagon, and so on. There is no restriction on the use of the area determination. They do not have to make a showing of need or anything else. They just say that they need one, and there is not any question about it.

Mr. RILEY. On these emergency programs, are you handicapped for lack of funds for telephone and telegraph, in order to reach the areas affected and to get the latest prevailing wages?

Mr. RAY. Yes. I would like Mr. O'Hare to answer that question, because we have been on him about that. We have had to be, in order to stay within the budget. What has been your experience on that?

Mr. O'HARE. Well, you have to write a justification for everything that you do.

Mr. RILEY. Can you get the money when you write the justification?

Mr. O'HARE. Oh, yes. I have always gotten it, but there is a question that we really have not covered here. That is where you get into a situation where you are not satisfied with the wage-rate

information that you have, and you are under a deadline to get the case out.

I really think I should have two men whom I could dispatch almost any place to get that information, and then to send it back to me by telegraph so that I could use it. I mean, I want some men whom I could really place confidence in, and know that they will do the job properly when they get to the area in question.

Some of these projects are in isolated areas and the rates are not certain. Amarillo, for instance, is a fair-sized city, and there are several general contractors there. The conditions there are more or less stabilized. If you have a project in the Ozark Mountains, for example, and you want to expedite that and want real service on it, if you are going to do the job of getting the rates out, you have to have some good information; and really the only way to get it a lot of times is by the use of an investigator.

Then, too, there is a danger that if we are requested to determine rates and we are not too certain about them because we might not have the prevailing rates for the area, we hesitate to put them out. If we do not have the means to get them, and the agency wants the rates right away, to keep from holding up defense production, it is a problem with us.

There are a lot of things to consider. For example, if we go just 10 cents higher than the actual rate for carpenters on one of these tremendous projects, that would pay a man's salary for 4 or 5 years.

Mr. RAY. It might be better economy to have the thing a little better financed, so that we could do that. In the past we have been very, very restricted on any travel and telephone expense.

I might say in that connection that the contractors have been very cooperative. They realize our situation, many of them, and when they call in they call in the stuff and say: "If you need anything else call us collect." Of course, we always find it necessary to take care of their offers to do that, if everything else is open and aboveboard, but it is not too desirable a situation to be in. Where you are cramped, it is a bad situation.

For instance, when they passed this $5 billion authorization for this construction program, and later appropriated about $3 billion, I think it was, if we had had $30,000 appropriated to us at the same time I think that would have probably done away with a lot of these expediters. In all probability it would have saved the Government money in the long run. We were flooded with these requests, and there was a log jam, and other projects were held up in addition to those authorized in that bill. It created a rather tough situation.

As a matter of fact, our fund situation at the moment is such that our budget officer tells us we cannot authorize any overtime. It costs more money to work on Saturday. Most of these people doing this work are the GS–7and GS–9 level people, so you do not expect them to work too much overtime, particularly coming in on Saturday, without being paid for it. We are right up to the nub now. As a matter of fact, we have an over-all deficit. We are having considerable trouble with that.

Mr. RILEY. Was that matter brought to the attention of the subcommittee which handled your appropriations?

Mr. RAY. Yes; it was. This particular situation grew out of the fact that largely we received a 10-percent cut on top of a 5-percent

cut on this pay-raise money. I understand that there is some chance of some restoration of that, when it gets into conference, but by that time the horse will have been stolen, I think, so it will not do us much good.

I might also say that the regular House Appropriation Subcommittee, headed by Mr. Fogarty, has authorized an increase in the staff doing this work I think of five or six additional people, who were authorized in that bill for 1953.

EFFECT OF UNEVEN CONSTRUCTION PERIOD

Mr. O'HARE. There is one more thing. We do not have an even workload. In the spring of the year we always get a tremendous number of cases.

Mr. RILEY. That is the beginning of the construction period.

Mr. O'HARE. Pardon me?

Mr. RILEY. That is the beginning of the construction period for a great many areas.

Mr. O'HARE. Yes. Then, too, it is the end of the fiscal year. I think there is a tendency on the part of an agency to make plans during the first part of the year, and to award contracts at the end of the year. That is reflected in our workload. It is always heavier in the spring.

Of course, as you know, it is a combination of circumstances; the opening of the construction season plus the end of the fiscal year.

Mr. RILEY. Do you have to make wage determinations for the overseas construction work done by American contractors?

Mr. RAY. No, Mr. Chairman, we do not make those determinations. There has been some discussion of legislation which would make some provision in that regard, mainly relating to seeing that they were paid their travel expenses back, but so far there is no legislation which authorizes that.

Mr. RILEY. Do you know how the wage rates are arrived at for the overseas construction?

Mr. RAY. My information is that it is administratively done by the particular contracting agency. They make some administrative arrangement in that regard.

Mr. RILEY. Are there any other questions?

Mr. DONNELLY. I have no further questions.

Mr. RILEY. Thank you very much, Mr. Ray.

Mr. RAY. Thank you very much.

Mr. RILEY. This seems to be a good place to stop until 2 o'clock.

AFTERNOON SESSION

Mr. RILEY. The committee will resume its hearings, and I will ask Mr. Donnelly to proceed.

INFORMATION ON PROBLEMS OF WAGE DETERMINATION AND SPECIFIC MILITARY CONSTRUCTION FUNDS

Mr. DONNELLY. May I ask, Mr. Chairman, that there be printed in the appendix of the hearing the brochure furnished by the Department of Labor, which contains pertinent information with respect

to problems of wage determination and some information on specific military construction projects.

Mr. RILEY. Without objection, it will be made a part of the record.

(The document referred to may be found in the appendix beginning on p. 395.)

STATEMENT OF CORPS OF ENGINEERS ON WAGE DETERMINATION FOR AMARILLO PROJECT

Mr. DONNELLY. General Hardin, throughout the morning session of the hearing, considerable attention was given to the matter of wage determination for the contract at Amarillo, Tex. Would it be more helpful for you to make a general statement than for me to ask specific questions?

General HARDIN. I will be glad to do so, and if I do not cover all the questions you want answered, I will try to develop them through questions later, if that is your pleasure.

The Amarillo project was based upon a directive issued from the Office of the Chief of Engineers, which permitted the district engineer to use either the negotiated or the formal advertising in undertaking the work. And the division engineer was authorized to arrange for a completion date by contacting the using services.

REGULATIONS ON REQUESTS FOR PREDETERMINATION

I would like to read to you the orders and regulations which, of course, are the basic group of regulations under which our divisions and districts conduct the military construction.

In part 1, page 7, paragraph 7109.05, titled Request for predetermination, we find four pertinent paragraphs. Paragraph (a), titled "General," reads:

> Request for predetermination is limited to cases in which there is a reasonable certainty that work will be advertised at an early date. If it is found necessary to defer for a longer period the advertising of work for which predetermination has been made, a request for review by the Department of Labor of rates originally determined must be resubmitted prior to advertising. Before request is forwarded it must be determined whether there has been any changes in the prevailing rates. If rates have changed, the evidence substantiating changes must be furnished.
>
> (b) Requests for predetermination of wage rates will be forwarded to the Chief of Engineers at least 4 weeks prior to date of advertising for bids in order that a predetermination of rates may be included in the specifications as required.
>
> (c) Emergency conditions. In the event an emergency condition arises before receipt of predetermined rates, work may be advertised with a notice in the advertisement that schedule of minimum wage rates to be paid under the contract will be published as an addendum to the specifications. Under no circumstances may bids be opened until the predetermined wage rate has been furnished to all bidders.
>
> (d) Teletype requests. In case of extreme urgency teletype requests for wage predetermination may be forwarded to the Chief of Engineers, and immediate steps will be taken to obtain the necessary wage rates. Reason for requesting special or priority action in any case should be fully explained so that the cases may be expedited in order of urgency.

There are other paragraphs here, but they are not of the particular pertinence to the case in point.

At the time that the Amarillo rehabilitation projects were undertaken we did not have the present arrangement in effect which provides us with area determinations. It was necessary to make these requests for predeterminations for each contract as it was considered.

I have used the term, Mr. Chairman, "rehabilitation," but this was new work, I believe.

Mr. KORTH. That is right.

ISSUANCE OF LETTER ORDERS TO EXPEDITE AMARILLO PROJECT

General HARDIN. The new work was of considerable extent, and the district engineer in planning the undertaking of this work decided that the urgency for it justified taking emergency measures to get the work under way.

The first group was a hangar, training aids building, and he issued a letter-order on that portion of the work on February 5. The second group consisted of some 119 dormitories. A letter-order on that was issued on March 21. The balance of the work consisted of starting a large number of dormitories—one-hundred-and-thirty-odd; the exact number that was decided on sometime after the original plan—as to the 136—the exact number for the undertaking I do not have before me; but it also included seven mess halls, and still later than that about eight more mess halls.

Now, for the latter part of the work he had planned to advertise and he did so on about April 10. And at March 13, as indicated in that summary statement which I believe was made available to all members of the committee this morning, it was stated that plans and specifications for the group of 119 barracks were 100-percent complete except for final wage determination. Plans and specifications were issued for advertisement and bids, because of the urgent requirement of these facilities as requested by the Air Force. Proposals were requested of 15 selected contractors, and he took 12 proposals. The D. E. Webb Construction Co. was the lowest one.

The summary went on to point out that the proposals were based on a tentative wage schedule for approximate wages in identical areas and in order to initiate work without delay, pending receipt of final wage determination. The letter order was issued to the D. E. Webb Construction Co. Work was initiated on March 27.

In that connection I would like to point out that the district engineer did not consider any other procedure other than the negotiated form of contract. I have had some talk—I did not talk to him personally yesterday or today, because I could not reach him when I was in the office, but Colonel Ely had just been in contact with him, and he stated that the controlling reason for the negotiation of this second contract was to expedite construction.

USE OF PREVAILING DETERMINATION IN SPECIFICATIONS

Now, you will notice that he did not on the 13th of March issue plans and specifications. These specifications, of course, had to include some kind of wage rates because that is just as much a part of the specifications as the thing you want them to build. He took the prevailing determination that was available to him, and issued that to the prospective bidders—rather, for those submitting proposals, because he had asked for proposals rather than formal advertised submissions.

He also got the work actually under way on March 27 after issuing the letter order on March 21.

REASON FOR NOT REQUESTING WAGE DETERMINATION PRIOR TO MARCH 23, 1951

Now, the question can be raised as to why he did not put in a request for a determination for wages until the 23d, which the record will show was the date of his request for wage rates.

The letter is available to the committee. The circumstances surrounding that are these: Colonel Herb stated on the basis of experience it took several weeks to get a wage determination. He had already selected the procedure; he issued the letter order and put the contractors on notice that he intended to make a definitive contract with him as soon as he could. That is the standard practice under emergency procurement regulations, to issue a letter order to a contractor whom you select for an operation of this kind. And what remained to be done was the finalizing of the contract, the preparation of the definitive contract. That could be done after the contractor is starting to mobilize and is actually starting his operations of procurement, and so forth.

Now, under those circumstances, since he had already issued the letter-order on the 21st, I can only assume that from the other circumstances in the case the district engineer felt there was nothing to be gained by putting in a request for an emergency determination.

USE OF EMERGENCY DETERMINATIONS ONLY IN EXTREMELY URGENT CASES

I would also like to point out that, as you will notice in the regulations which are read pertaining to these emergency determinations, that it was only in cases where there was extreme urgency that they will use this procedure of the teletype; more frequently the telephone.

At that time we had many projects to undertake, and that this project was of this extreme urgency, I could not think now, in retrospect, it would have been in keeping with the situation. We did use the emergency type of request in various circumstances which I will get Mr. Manger to elaborate on, and I think your record will so indicate the emergency procedures were used at this same place, and at other times, but they were not used to such an extent as to nullify the objective.

In any event, the request for wage determination was submitted in the normal fashion. The negotiated contract had already been initiated at the earliest possible time by issuing the letter-order on the 21st.

DELAY THAT WOULD HAVE OCCURRED UNDER COMPETITIVE BIDDING

In another line in the summary which was made available to the committee, paragraph 3 also said that had not this work been negotiated it would have been necessary to defer opening bids until the receipt on April 30, 1951, of the wage-rate determination, with a minimum advertising period of 15 days. Bids could not have been opened prior to May 15. Allowing several days to analyze the bids, the issuing of notice to proceed, construction could not have been initiated until about the 21st of May, which would have involved approximately a 2-months' delay in placing this work under contract, had normal advertising procedure been followed.

You will notice the word "normal" is used, and I believe that deserves some attention.

Mr. Chairman, the only way that we can answer some of the questions on these points is to get the information from the field. And I know you appreciate the difficulty at times, of course, which questions will bring out, in order to cover all the elements in the answer that may have been asked by the committee.

The actual question which was telephoned to Colonel Herb by Colonel Ely of my office, I believe, reads as follows:

> Would it have been possible to advertise the work instead of negotiate?
> How much longer would it have taken to place the work under contract if the contract had been advertised according to normal procedure?

The answer to that is verbatim. Actually this work was advertised on March 13, 1951. The contract was formalized as soon as the wage determination of the Department of Labor was available to this office. The final wage-rate determinations from the Department of Labor were received in this office on April 30, 1951. Therefore bids for this work as a result of normal advertisement could not have been opened prior to May 15, 1951.

Allowing a few days' analysis for bids, the issuance of notices to proceed, construction on this project under normal procedure could not have been initiated until about the 21st of May 1951.

Actual construction was initiated on March 27. Thus it would have taken about 2 months longer to place the work under construction if this work has followed the normal procedure.

You will notice the words "normal procedure" is used in the answer. The normal procedure is to ask for a wage determination 30 days in advance of the time when you expect to advertise, and I can only offer this explanation as being the basis of the statement that has been made to the committee, that if it would have taken 2 months longer to have had this job put under contract, if he had used the normal, that is, the advertising procedure.

I stress the point because the question has been asked informally, I believe, in a question, Mr. Donnelly, and I believe I can repeat it accurately, "Why did you not advertise instead of negotiating the contract?"

Mr. DONNELLY. That was one of the questions asked.

General HARDIN. And it was decided in advance to negotiate the contract in order to expedite construction.

COMPARISON OF TENTATIVE WAGE RATES WITH RATES LATER DETERMINED

Mr. RILEY. Do you have any information as to the tentative wage rates suggested by the district engineer as compared with the rates determined later by the Department of Labor?

General HARDIN. Yes; they are almost identical. I think there was one class of labor which was changed. I think I have that information. Ironworker was the only one that was modified.

Mr. RILEY. Up or down?

General HARDIN. It was modified up.

I believe I have covered the situation as fully as the information available to me will permit. If there are any questions, I will be glad to try to answer them.

DELAY UNDER ADVERTISED BIDDING EVEN IF EXPEDITED DETERMINATIONS WERE REQUESTED

Mr. DONNELLY. General, if the Corps of Engineers had asked for expediting determination of wages on the part of the Department of Labor, that factor would not have been a bar to these advertised contracts, would it?

General HARDIN. I think it would have, Mr. Donnelly, in view of the fact that they were endeavoring to save days. And of course in the advertising procedure you have to go through a good bit more administrative effort than you do when you select a certain group of contractors and send them the proposals. Your preparation of the plans and specifications can be in much fewer numbers, limited, of course, by the number of contractors that you select and send them to.

If you widely advertise proposals, formally advertise, you have to post notices in the newspapers; you have to post notices in public places, like the post office, and further establishments, bulletin boards in the area so that the bidders in those communities can be placed on notice that you are going to ask for advertised formal bids. In this case they selected, I believe, 15 contractors, which was in keeping with the negotiated procedure. You are supposed to get three proposals as a minimum, if you can obtain that many. And 15 was a rather generous number in this instance.

Also, in advertising, since you are not advertising with a limited number of bidders, you have to go outside the immediate community in which the work is to be done and publicize it as well as in the neighborhood where the work is located, to give the contractors an opportunity to know how many bids are being received. Otherwise, they will frequently complain that they have not had a chance to bid. It takes time under the negotiated procedure, and that is why, one of the primary reasons why the Department of Defense permits the negotiated procedure to be used in these emergencies.

Mr. DONNELLY. This summary shows the plans and specifications were completed on March 13, 1951, with the exception, you stated here, of the final wage determination. There were 8 days between March 13, 1951, and the awarding of the contract on March 21, 1951.

General HARDIN. Well, the date of the letter-order is on March 21. That is also the date, of course, which the contract, when it is signed, when it is finally prepared, is dated back to. That is in keeping with the procedures which are prescribed also for the emergency situations.

Mr. DONNELLY. When was the contract actually firmed up as far as money consideration for the contractor was concerned, March 21, or some later date?

General HARDIN. There was a definitive contract prepared on 4th of May.

DATE OF FINALIZING COST OF PROJECT UNDER CONTRACT

Mr. DONNELLY. General, does that mean the amount of money the contractor was to receive, namely, $9,862,000 was not decided until the 4th of May, or had it been decided on the 21st of March.

General HARDIN. The amount of work might not have been decided before the 4th of May. Frequently the letter-order will even approximate the amount of work which was to be finally defined in the con-

tract instruction. The thing which usually is to be done is determined in the finalizing contract, or, as you know, the labor rates, but also the clauses about the detail nature of the work, the plans and specifications—in this case they happen to have been completed, but frequently the plans and specifications are not completed until sometime after the letter-order is issued. The special conditions that go with the contract are frequently not negotiated until you can agree on the definitive form. You may have under those circumstances, where there is no decision, or it is impossible to make a firm decision at the outset, you may still allow the contractor to proceed with the things that he can agree on. He may initiate procurement; he may initiate recruitment to a limited extent; we may allow him to mobilize his equipment in order to make time while we are working out the details of the contract.

Mr. DONNELLY. He will not do any of those things, normally, before you work out the contract, will he?

General HARDIN. He will not do it unless we give him a letter-order.

Mr. DONNELLY. Does the letter-order state the money that the Government is obligated to pay him for the work?

General HARDIN. The letter-order may or may not. The letter-order may include only the statement that he is authorized to proceed with the work and not to get the Government, not to commit the Government to more than so many millions of dollars. We have written contracts that way, with the provision that he must not obligate the Government to more than a fraction of the total estimated cost.

Mr. DONNELLY. Is it fair to say that March 21, which is the awarding date, or March 27, the date on which work was initiated, that the Government had not been obligated to pay the contractor a definite, fixed amount of money?

General HARDIN. I do not think you can say that, Mr. Donnelly. As soon as we entered into relationship with the contractor with the letter-order we committed the Government to something. If we decide not to make the contract after issuing the letter-order, the letter-order provides that we will pay the contractor's cost for whatever work he does do in the interim. The whole purpose of the letter-order is to commit the Government to some degree.

Mr. DONNELLY. Is then the amount of money——

Mr. KORTH. Mr. Donnelly had reference to the definite sum.

General HARDIN. The definite sum may or may not be indicated, no, depending upon the way the letter order is written.

Mr. DONNELLY. General, in the case of this Amarillo construction that we are examining here, is it fair to say that the definite sum was not fixed, the actual amount due the contractor, until May 4, 1951?

General HARDIN. Without getting the letter order, actually I could not answer, Mr. Donnelly. I am certain the Government was committed to some extent, definitely, but as to the definite amount I cannot say unless I had a chance to read the letter order.

POSSIBILITY OF SAVING OF MONEY BY ADVERTISING FIRST CONTRACT

Mr. DONNELLY. What I am getting at is this: the second contract which was $20,000 less per building, we awarded May 10, 1951. Now, with respect to the first contract, was the price left so fluid and

so open that the Government could have taken advantage of the competitive price situation on May 10, 1951, of $20,000 less per building?

General HARDIN. No; I do not think so, because you will notice in the summary statement which we furnished, it was stated in paragraph 2, in the last sentence of that paragraph: these rates were essentially the same as the tentative schedule issued March 13, and the contract was formulated May 4, 1951, in the same amount as submitted in the low proposal.

In this case, you see, there were proposals submitted by the contractor to whom invitations were sent, and that was the basis of the undertaking with this contractor, D. E. Webb.

Mr. DONNELLY. The big question is whether, if the first contract had been a formal competitive-bid contract the Government would have saved money.

General HARDIN. I think there are several reasons to believe that it could have gotten it done cheaper, if it had been done through a formalized advertised contract, that is because of the time element entering into it. I do not think—anyone comparing the negotiated contract with the advertised contracts, which is a part of this tabulation in the summary furnished to the members of the committee, would find that while the work in one case was to be completed in 86 days, the other was on the basis of 176 days. That is not a very fair basis for comparison, if you are looking at the expenditures alone. Then again you must realize that the contractor who submitted the second price on the formal advertised contract was already established on the job. His equipment and his organization and therefore, it is natural to assume, he would give you a lower price than any other contractors who might have to go out and establish themselves.

So, while in principle I agree that you can usually expect to get a lower price on a formal advertised contract, the difference might not be indicated by a direct comparison of these two columns.

PREVENTION OF USE OF COMPETITIVE CONTRACT BY PREDETERMINATION REQUIREMENT

Mr. DONNELLY. Following up just what you have said, with respect to this first contract, let us just take that one fact, the requirement for a wage-rate determination, which is the subject matter that we have considered here all day: with respect to that one factor in the contracting procedure, is it true that that factor barred the use of competitive-bid contracts in this first contract?

General HARDIN. On the basis of the early initiation of the work as indicated in the actual record, I think if we are talking about only wage determination, yes, because I cannot conceive how you could, under a formal advertisement, furnish contractors the information on wages, that you could not possibly have advertised for bids and made an award and given a notice to proceed on the 21st of March.

PROHIBITION AGAINST USE OF TENTATIVE WAGE RATES IN COMPETITIVE-BID CONTRACTS

Mr. DONNELLY. General, would you not have had just as much right and opportunity to use the tentative wage-rate determinations which were used in the negotiated contract in a competitive-bid contract, leaving the door open for later formalization of the contract?

General HARDIN. No, sir; not in accordance with the way the regulations are prepared and under which we are operating. I refer you again to the end of the regulations which I read:

Under no circumstances may bids be opened until the predetermined wage schedule has been furnished to all bidders.

Mr. DONNELLY. And in the negotiations could not the corps furnish tentative wage schedules to all contractors who were asked to submit proposals?

General HARDIN. We did, yes; but that was considered to be proper under those circumstances, because the objective in that instance was to only issue a letter order, which was a letter of intent.

DIRECTIVE ON PROCUREMENT OF WAGE RATES PRIOR TO CONTRACT NEGOTIATION

Now, in that connection, there is another letter which I would like to read to the committee, and this was issued on March 21, 1951, subject, Procurement of Wage Rates, before negotiating contract, and sent to the division and district engineers.

It has come to the attention of the Chief Engineer that letter-order contracts involving construction work are being written without obtaining a wage predetermination pursuant to the provisions of the Davis-Bacon Act. The Davis-Bacon Act requires that each contract to which the act applies shall contain a schedule of wages rates predetermined by the Secretary of Labor. The wage determination must be dated prior to the date of the contract. It should be recognized that this is a statutory requirement and not merely an administrative regulation.

2. Inasmuch as the definitive contract bears the date of the letter-order contract it is necessary to obtain a wage predetermination prior to that date. This will require close coordination between the labor-relations officer and the appropriate technical assistant in the district office.

3. The request for a wage predetermination should be forwarded to the Chief of Engineers, attention ENGAC, as far in advance of the date of the letter-order contract as possible. However, if time is short, request may be made by telephone or teletype as provided for in paragrzph 7109.05d.

Mr. RILEY. What is the date of that order, please?

General HARDIN. March 21, 1951.

Mr. RILEY. That is the same date.

General HARDIN. This is the same date that the district engineer issued a letter order.

4. Since there usually is a lapse of time between the date of the letter-order contract and the writing of the definitive contract, the district labor-relations officer will contact the Office of the Chief of Engineers during the negotiation of the definitive contract so that an opportunity can be had to have the Department of Labor review the wage predetermination prior to the writing of the definitive contract. If the review by the Secretary of Labor results in revised rates, they will be reflected in the following manner: If the final contract is on a fixed-price basis, the revised rates will be included in the definitive contract; if on a cost-plus-a-fixed-fee basis, the matter will be handled as a wage-adjustment order upon a request by the contractor through channels.

Now, I read this letter because it was recognized that the very thing which this district engineer was doing was not in keeping with the provisions of the David-Bacon Act.

The two procedures are in conflict in this respect: The procurement regulations authorize the use of a letter-order procedure in order to get work under way promptly. At the same time, the provisions of the Davis-Bacon Act required that the specifications include the predetermination of wage rates, and that they be dated prior to the date of the contract. Well, the two things are, from a practical standpoint, very difficult to apply.

This letter was to require them to add emphasis to that effort. While there is nothing illegal about issuing a letter order, as was pointed out this morning, it is not good administration to obviate getting the wage rates before you issue the letter order.

Mr. RILEY. There must have been some instances prior to this where this same procedure had been adopted, or else that second directive would not have been issued.

General HARDIN. There must have been. I think Mr. Manger can tell you more about that, because he was in the office where action was being taken.

SIGNIFICANT DATES RELATIVE TO REQUEST FOR WAGE DETERMINATION

Mr. DONNELLY. Now, we have here a further memorandum from the Corps of Engineers, which actually consists of a memorandum from the district engineer, dated March 23, 1951, and the first endorsement of the division engineer of March 27, 1951, requesting the determination of wage rates for the contract for which the award was March 21, 1951, and the request for determination which is stapled here to the two documents shows that the Corps of Engineers asked that the determination be made on or before April 6, 1951; and at the bottom of the determination it stated:

Required date: 19 April 1951.

Mr. Chairman, might these be put in the record at this point?

Mr. RILEY. Without objection they will be inserted in the record at this point.

(The documents are as follows:)

Subject: Request for Wage Rates, Amarillo AFB, Amarillo, Tex. (Tulsa Dist Ltr, 23 Mar 51).
1st Ind. Div. Engr., SW Div., CE, Dallas 2, Tex., 27 Mar 51.
To: CofEngrs, DA, Washington 25, D. C.

1. Request and opinions of the District Engineer are concurred in.

2. Review of the original submission of request for wage rates contained in letter SWPVL, Subject: "Request for Wage Rates, Amarillo Air Force Base, Amarillo, Potter County, Texas," dated 23 Jun 51, forwarded by SWDVW 1st Indorsement dated 2 Feb 51, and evidence forwarded with present basic communication clearly indicate that predetermined scale for Power Equipment Operators is not in line with rates paid for comparable work within the area.

3. It is requested that necessary action be taken to obtain correction of the original determinations for work covered by the attached Forms DB–11. The present rates are disrupting local conditions, as evidenced by statements of contractors, and will result in considerable extra cost to the Government on proposed work.

For the division engineer:

E. E. CARRIERE,
Chief, Legal Branch.

CORPS OF ENGINEERS, U. S. ARMY,
OFFICE OF THE DIST. ENGR., TULSA DIST.,
AIRCRAFT ASSEMBLY PLANT NO. 3,
Tulsa, Okla., 23 March 1951.

SWP VL Air mail.

Subject: Request for Wage Rates, Amarillo Air Force Base, Amarillo, Tex.

Through: Division Engineer, Southwestern Division, Corps of Engineers, Dallas 2, Tex.

To: Chief of Engineers, Department of the Army, Washington 25, D. C.
(Attention: ENGAC.)

1. Reference is made to wage rate Determinations K–5696 for first phase of rehabilitation of streets and roads and K–5683 for first phase of rehabilitation of buildings and utilities, both dated 26 February 1951 and for the Amarillo Air Force Base. The original survey, performed during January 1951, indicated that there were few, if any, power equipment in building construction receiving the wage scale claimed by the Operating Engineers Local Union No. 819, Fort Worth, Tex. Labor Department Determination K–5683 for buildings and utilities indicated the rates for power equipment operators to be the same as those that the union claimed.

2. Because of this discrepancy, a resurvey has been made in the Amarillo area and the evidence obtained pertaining to power equipment operators is submitted as inclosure 11. Statements were obtained from 20 building contractors and the Builders Division of A. G. C., which indicate that they employ only three classifications of power equipment operators. These are the one and two drum hoist operators and mixer operators. All other work performed by power equipment operators is done by subcontractors which, in almost every case, have been heavy-highway contractors of the area. Statements were obtained from these heavy-highway contractors indicating the rates paid their workers and it was learned that they do not increase their rates when they perform subcontract work on building construction.

3. It is anticipated that the following work will be advertised or negotiated on the dates indicated and it is requested that the additional evidence contained herein be submitted to the Department of Labor in order that they may reconsider their previous determination pertaining to power equipment operators:

a. Construction of hangars, training aids building and operations building with an estimated cost of $1,700,000.00. A letter order dated 5 February 1951 has been issued for this work under Contract No. DA–34–066–eng–1809 to Lambie and Moss of Amarillo, Tex. The rates will be needed by 10 April 1951 to negotiate a definitive contract.

b. Construction of 119 airmen's dormitories, costing approximately $8,100,000.00. A letter order dated 21 March 1951 has been issued under contract No. DA–34–066–eng–1902 for this work to the Del E. Webb Construction Company, Phoenix, Arizona. The wage rates for this work will be needed by 6 April 1951 in order to execute a definitive contract.

c. Construction of 136 airmen's dormitories, costing approximately $10,888,000.00. It is anticipated that this work will be advertised on or about 10 April 1951 with bids to be opened 30 April 1951.

d. Construction of 7 one-thousand-man mess halls, costing approximately $3,500,000.00. It is believed that this work will be negotiated on or about 16 April 1951.

e. Construction of 8 one-thousand-man mess halls, costing approximately $1,000,000.00. It is anticipated that this work will be advertised on or about 20 April 1951 with bids to be opened 15 May 1951.

5. Inclosed are 5 Labor Department Forms DB–11 and 5 lists of opinion of rates and classifications desired and Memorandum of Analysis with attachments.

6. It is requested that wage predeterminations be secured in order to meet the dates listed above.

E. G. HERB,
Colonel, CE, District Engineer.

11 enclosures.

1. DB–11, for hangars, etc.
2. Opinion for hangars, etc.
3. DB–11, for 119 dorms.
4. Opinion for 119 dorms.
5. DB–11 for 136 dorms.
6. Opinion for 136 dorms.
7. DB–11 for 7 mess halls.
8. Opinion for 7 mess halls.
9. DB–11 for 8 mess halls.
10. Opinion for 8 mess halls.
11. Memo of Analysis w/att.

REQUEST FOR DETERMINATION

29 MARCH 1951

Re Predetermination of wage rates for Amarillo Air Force Base, Potter County, Tex., project.

The Honorable the SECRETARY OF LABOR:

The undersigned, E. Irving Manger, in behalf of the contracting officer for the Corps of Engineers of Department of the Army, announces that on or before April 6, 1951, he proposes in behalf of the United States to negotiate for a contract for the construction of 119 airmen's dormitories, a public building (work) of the United States, to be performed at Amarillo Air Force Base, near Amarillo, Tex., county of Potter, State of Texas, and the estimated amount of said contract is approximately $8,800,000.00 and, therefore, within the provisions of the Davis-Bacon Act as amended (Act of Aug. 30, 1935, 49 Stat. 1011, amended June 15, 1940, 54 Stat. 399, amended March 23, 1941, 55 Stat. 53).

Said contract will involve the employment of the following classes of laborers and mechanics directly at the site of the work.

*Air-tool operators (jackhammer, vibrator)
Asbestos workers
Asbestos workers' improvers
Blacksmiths
Blacksmiths' helpers
*Boilermakers
*Boilermakers' helpers
*Bricklayers
*Bricklayers' apprentices
*Carpenters
*Carpenters' apprentices
*Cement finishers
*Electricians
*Electricians' apprentices, helpers
Elevator constructors
Elevator constructors' helpers
Firemen and oilers
*Glaziers
*Ironworkers, structural
Ironworkers, ornamental
Ironworkers, reinforcing
Ironworkers' apprentices
Laborers, building
Laborers, concrete
*Laborers, unskilled
*Lathers
Lathers' apprentices
Machinists
Machinists' helpers
*Marble setters
Marble setters' helpers
*Mason tenders
*Mortar mixers
*Painters, brush
*Painters, spray
*Painters, structural steel
Piledrivermen
*Pipe layers (concrete and clay)
*Plasterers
*Plasterers' tenders
*Plumbers
*Plumbers' apprentices, helpers
Power equipment operators:
*Air compressors
*Blade graders, towed
*Bulldozers
*Cranes, derricks, draglines
Distributors (bituminous surfaces)
Power equipment operators—Con.
Finishing machines (cement, concrete, pavement)
*Hoists, 1 drum
*Hoists, 2 or more drums
*Mixers (10–S, or smaller)
*Mixers (larger than 10–S)
Motor graders
*Piledrivers
*Pumps
*Rollers
*Scrapers
*Shovels
*Tractors, crawler type
Trenching machines
Blade graders, self propelled
Clamshells
Crushing machines
Firemen
Greasers
Mechanic, H. D. and welders and helpers
Mixermobiles
Oilers
Paving mixers
Scoopmobile loaders
Rollers, over 10 ton
Tractor, wheel type
Tractor, w/power attachments
Winch truck
2 air compressors operated by 1 man
2 air compressors and 1 pump operated by 1 man
2 pumps operated by 1 man
Apprentice operator, 1st year
Apprentice operator, 2d year
Ditching (trenching) machine
Backhoe
*Roofers, composition
*Roofers, slate and tile
Roofers' helpers
*Sheet metal workers
*Sheet metal workers' apprentices
*Soft floor layers (linoleum)
Sprinkler fitters
Sprinkler fitters' helpers
*Steam fitters
*Steam fitters' apprentices, helpers

*Stonemasons
Tank erectors
Tank erectors' helpers
*Terrazzo workers
Terrazzo workers' helpers
Terrazzo base machine operators
*Tile setters
Tile setters' helpers
*Truck drivers:
Up to but not including 1½ tons
1½ tons to 3 tons
3 tons up to 5 tons
Dumps
*Welders
Well drillers
Well drillers' helpers

Required date: April 19, 1951.

IMPORTANT.—Check each craft on the foregoing list, employment of which is contemplated under the contract, and insert any additional craft not covered by the list, the employment of which will probably be required. In filling in these blanks please be specific as to the exact type of work to be performed as there are often subdivisions within a general craft, based upon the type of construction or the nature of materials to be used, which have different wage rates. For example in the case of acoustical engineering the kind of material might be significant, for if the acoustical material is to be wood, carpenters' rates might be applicable, whereas if plaster were used, the rate for plasterers might apply.

Wherefore, said contracting officer requests the Secretary of Labor to determine the minimum wages to be paid to such classes of laborers and mechanics to be inserted in the advertised specifications, in accordance with the provisions of said Davis-Bacon Act as amended.

Respectfully submitted.

E. IRVING MANGER,
Assistant, Legal Division.

Mr. DONNELLY. General, will you explain for us that sequence of dates?

General HARDIN. I think I will have to ask Mr. Manger to explain that for you. Mr. Manger is Chief of our Labor Relations Branch of the Office, Chief of Engineers, and handles these matters of wage predeterminations.

Mr. MANGER. As has been explained previously, the date of the letter contract was March 21, 1951. The request for wage rates did not reach the Office of the Chief of Engineers until the 28th of March. It was sent over to the Department of Labor on the 29th.

Although the letter from the district stated that the rates were required by the 6th of April, I did not send it over there stating that it was required by the 6th of April because the letter from the district merely stated that the rates were required by that date to complete a definitive contract.

My position is this: That the rates should have been requested and obtained prior to the date of the letter contract, the date which the definitive contract takes upon being completed.

This date of April 19 clearly reflects the normal operating procedure, approximately 3 weeks after the date that the request goes to the Department of Labor. We automatically put approximately a 3 weeks' date on the request, unless for some reason of extreme urgency we require the rates at an earlier date.

Mr. DONNELLY. Mr. Manger, at the time you received this request dated March 23, 1951, from the district engineer did you know that the contract had actually been awarded 2 days earlier than that date?

Mr. MANGER. I believe the letter so states, that the date of the letter order was March 21. Yes, sir. In subparagraph B on page 2 of the district's letter of the 23d of March it so states.

Mr. DONNELLY. Did that seem unusual to you?

Mr. MANGER. Yes, it did. However, I can see where the district engineer might have taken the position that he was not going to enter

into a definitive contract until some later date, and, therefore, did not need the rates prior to the date of the letter order.

Mr. DONNELLY. In this same paragraph he does state the date that he would need them in order to execute a definitive contract; namely, April 6, 1951.

Mr. MANGER. That is correct.

Mr. DONNELLY. How do you explain the fact that in your formal request to the Department of Labor, in view of this, you indicated that the required date was not until April 19, 1951?

Mr. MANGER. Merely as I explained a moment ago, that regardless of whether we got the rates on the 22d of March or the 28th of March or the 6th of April it would have no bearing on the legality of the contract, because the rates should have been obtained, if it was an extremely urgent case, prior to the date of the 21st of March.

Mr. DONNELLY. Well, then, this language in the memorandum was not a notice to you that you should ask the Department of Labor to give you this expedited consideration; telephone service, if necessary.

Mr. MANGER. I did not feel that it was, because what they are talking about here is merely the formulation of a definitive contract. Had this 6th of April been the official date of the contract, my request to the Department of Labor would have borne a different date and, no doubt, I would have asked for expeditious handling. But the effective date of the contract had already passed by the time I got the request.

Mr. DONNELLY. General Hardin, the chairman has done some mathematics here which are very interesting. Do you have that summary of the Amarillo contracts there?

General HARDIN. Yes, I have it.

CONSTRUCTION SCHEDULE IN CONTRACTS FOR AMARILLO

Mr. DONNELLY. In the negotiated contract we find that the construction schedule was 86 calendar days, but actually the contractor took 96 days beyond that period, or a total of 161 days.

Now, on the competitive-bid contract the construction schedule was 176 days, and the contractor took 38 days more than that, or a total of 214 days.

Comparing the actual construction time of the first contract against that of the second contract, we get a difference of only 53 days.

Now, the difference in cost has been $2,404,633 for the 119 barracks in the first contract. The question very logically can be asked as to whether we bought 53 days' construction time for $2,404,000.

General HARDIN. I think there are more facilities under the second contract than there were under the first.

Mr. DONNELLY. Not to interrupt you, but I think that is answered, General, on page 2 of the memorandum in front of you.

General HARDIN. Page 2.

Mr. DONNELLY. The last paragraph:

> Utilities were not included in either the negotiated or advertised contract.

General HARDIN. No; more facilities, I said. We have developed here a cost per unit. Is it not true that there was a different number?

Mr. KURTZ. There were a greater number of airmen's dormitories in the second contract, but that is worked out on a dormitory basis.

General HARDIN. I do not know of any other consideration, Mr. Chairman, other than the time element involved and the fact that the

contractor was mobilized on the job before undertaking the second increment of work.

Mr. RILEY. Were the other contractors who bid on that given the same time element, or did they bid on the time element for completion? In other words, were all of them given 176 days, or did they bid on the time it would take?

General HARDIN. No; they were all bidding on the same schedule.

QUESTION AS TO JUSTIFICATION FOR BUYING TIME

Mr. RILEY. In all these negotiated and cost-plus-fixed-fee contracts, the question arises in my mind as to whether or not the additional cost is justified. This is 53 days, less than 2 months, for approximately $2½ million, and that is a pretty severe price to pay unless they absolutely had to have those barracks and unless they actually put them to use.

Of course, that fault does not lie altogether with the Engineers. There are some policy and planning procedures back of it. However, that question has been in my mind all through these hearings, as to whether you actually get what you want much quicker or not. You certainly pay a much higher price for it.

Would you care to comment on that?

General HARDIN. I think that it is quite in keeping with your observation. Anytime you buy time you pay for time. Sometimes, even though you are working toward a calendar date, there are other considerations which will still defeat you, like the weather or changes in the operation while the work is in progress. It is true that buying time is a most unprofitable undertaking, as a usual thing. I think that is quite proper as a conclusion. But I do not know how you will obviate it, Mr. Chairman, under certain circumstances of urgency. Certainly it is not the routine thing that causes us as a construction agency to adopt these unusual procedures.

Mr. RILEY. Roughly, that $2,404,600 would have bought 39 more barracks. Those would have housed a good many men.

As I said at the beginning, we are trying to find some way to suggest a policy and procedure which will eliminate this waste, because, as Benjamin Franklin says, "We are paying a pretty high price for the whistle."

General HARDIN. Off the record.

(Discussion off the record.)

Mr. FURCOLO. Before you get away from this matter of buying time, Counsel gave an illustration of the amount of money it might possibly have cost in this case. In most cases do you feel that the amount is exorbitant?

General HARDIN. Well, that is a very difficult question to answer, I think, Mr. Furcolo. "Exorbitant" is a comparative thing at best. Sometimes if you can gain time it is well worth the money. On the other hand, it may be a substantial amount of money which is involved. It is always a question of whether you get full value of money out of an expedited construction program, because it is so difficult to evaluate the gains in terms of dollars. I would not say it is always exorbitant, but I do think that where you are buying time it is substantial.

Mr. FURCOLO. Well, is it usually a situation where they have you more or less over the barrel and take advantage of it?

General HARDIN. No, sir; I do not think that would be a fair statement. I do not know just how you mean the "take advantage of you."

Mr. FURCOLO. In one of these memoranda which we have there is a statement, in the memorandum of April 4, 1951, from a representative of the corps, where it refers to this fact in these words [reading]:

> However, attention is invited to the fact that, if we were buying time from the contractor in lieu of selling it to him, his asking price would be much higher.

I thought there was a fairly clear indication there that sometimes a little advantage is taken. I was wondering if you would agree that is so or not.

General HARDIN. No, sir; I do not believe I could agree to that.

Mr. FURCOLO. I see.

General HARDIN. For this reason: That the basic concept of dealing with a contractor is that you pay him for what you think the modification is worth. If he does not choose to accept that, you still can adhere to your point and he can seek relief in some other fashion.

Now, recently, of course, there was a decision that the contracting officer's decision was final. However, that does not prevent the contractor from having an appeal. I think he has the Appeals Board to go to in any event. He may not go to the courts, because the courts then have no jurisdiction.

Mr. KORTH. That is right. He goes to the Board of Contract Appeals.

General HARDIN. Of course, we know from the papers they are considering a change in that law.

Mr. FURCOLO. I am probably under a mistaken impression, but I very definitely had the impression that often the Government would be at a disadvantage because of the need for haste and the fact that it might be impractical to take other steps. But I gather, from what you have stated, that probably is not an accurate impression that I have.

General HARDIN. No, sir; I do not think that impression could be substantiated if the contracting officer does his job right.

Mr. FURCOLO. I see. That eliminates the next question I have, because if the impression I had was correct I had then planned to ask you what steps, if any, were undertaken with regard to awarding additional contracts to someone who had taken advantage of the Government by seeking to bear down; but I will not ask the question, in view of your answer.

That is all I have.

Mr. RILEY. Mr. Davis?

Mr. DAVIS. I have no questions on this.

EFFECT OF WAGE DETERMINATION UPON LOCAL RATE CONDITIONS

Mr. DONNELLY. Now, coming to the question asked this morning. Mr. Ray, representing the Department of Labor, was asked whether the wage determination which had been made by the Department of Labor was acceptable to the people affected; namely, to the Government, to the contractors, and to labor. We have here in this group of documents on Amarillo this statement from the division engineer on March 27, 1951 [reading]:

It is requested that necessary action be taken to obtain correction of the original determinations for work covered by the attached forms DB–11. The present rates are disrupting local conditions, as evidenced by statements of contractors, and will result in considerable extra cost to the Government on proposed work.

Does this typify a general problem, General Hardin?

General HARDIN. May I ask Mr. Manger to answer that?

Mr. MANGER. If we are talking about Texas, it has been my experience that there has been considerable controversy over the interpretation of the various types of construction; namely, highway construction, heavy construction, and building construction rates.

Mr. DONNELLY. How about the other areas of the country?

Mr. MANGER. Texas is the outstanding example of the condition which I have just mentioned. There are a few instances, but very few, in other areas. Primarily, I believe it is because in general they are in a more highly organized area than the South. There usually is one set of rates, regardless of the type of construction involved.

EFFECT OF WAGE DETERMINATION REQUIREMENT UPON MILITARY CONSTRUCTION CONTRACTS

Mr. DONNELLY. Well, then, General Hardin, would you want to testify generally with respect to the requirement that the Corps of Engineers get wage determinations for Government construction contracts, as to how it affects you in your operations, how it affects you in your contracts, and whether it does create a problem?

General HARDIN. Yes. I could state my general reaction to the requirement in this way: That in emergency periods, when days are a matter of great importance, the requirement which has been in effect in the past that we get predetermination for each contract which we enter into is most cumbersome. I have never felt that it was unreasonable to comply with an area determination which we obtained in World War II and again most recently, although not until 3 months ago.

So far as my own observations go, that is not too burdensome. Although changes are made in the area determination from time to time, it is nowhere near as troublesome as having to come all the way back to an organization like ours and come into Washington by telephone and by other means, where those communications are already overburdened, and to take long periods of time in reading off these labor lists and getting wage rates and using up the time of people sitting with the telephones, and using a lot of money besides.

I think the purpose of predetermination can be adequately conceived, as I see it from a construction man's standpoint, by having these area determinations, not only in emergencies but at any other time, and making as few changes in them from time to time as possible; because, after all, they are not a ceiling but a basement. To protect the individual workingman, I think that reflects or fairly reflects the changes, and would be adequate.

Mr. DONNELLY. Do these wage determinations actually cost the Government more money for Government construction than private industry would be paying for the same construction?

General HARDIN. As a general rule, I do not think so. I believe that they do hit the prevailing wage quite accurately. As a matter of

fact, it is a minimum rather than a maximum. We find that contractors are more prone to pay more to get the kind of men they want than they are to shop for a minimum wage.

MODIFICATION OF WAGE DETERMINATION ACCORDING TO NEED

Mr. RILEY. General, are wage determinations for an area changed from time to time, or are they fairly stable after they are once established?

General HARDIN. I will have to ask Mr. Manger to answer that question for the present moment; but they were fairly stable in World War II when they were used quite extensively.

Will you answer that question, please?

Mr. MANGER. The wage predetermination as issued by the Secretary of Labor which, as Mr. Ray indicated, is effective for a period of 90 days, does not mean that those rates are stabilized for that period, because the Secretary of Labor can issue modifications to that wage predetermination at will after the original date of the wage predetermination.

Mr. RILEY. Well, what has been the actual experience?

Mr. MANGER. We get modifications to existing wage predeterminations within the 90-day period if wage rates have changed in the area.

Mr. RILEY. Suppose a contract is let on a certain wage determination in a specific area, and in that same area 6 months later another contract is let and the wage determination is higher. What effect does that have on the first contract?

Mr. MANGER. If the rate is increased by virtue of a modification issued by the Secretary of Labor the second contractor, of course, will have to pay the rate in the modification, and that would definitely have an effect upon the first contractor, because if he required any number of men at all he would probably have to increase his wage rates to meet the rate in the modification paid by the subsequent contractor.

Mr. RILEY. Who takes care of that increase in cost?

Mr. MANGER. On a lump-sum contract the contractor takes care of the cost.

Mr. RILEY. That being the case, is it not the policy of most contractors to set up a contingent reserve to take care of that possibility?

Mr. MANGER. I would assume so; yes, sir.

Mr. RILEY. That necessarily, then, increases the cost to the Government over the ordinary private construction; does it not?

Mr. MANGER. Whether the private constructor would have to pay rates in accordance with the increased rates would depend upon manpower supply in the area, I would say. It would depend upon circumstances.

RÉSUMÉ OF EFFECTS OF COMPLIANCE WITH PREDETERMINATION REQUIREMENTS

Mr. DAVIS. The interrogation this morning, General, with respect to the effects of compliance with the Davis-Bacon Act, seemed to demonstrate that the effect of that compliance fall into three categories: First of all, those cases in which it raises the question as to important losses of time through compliance; secondly, the instances

of probable extra cost to the Government through compliance; and, third, the question was raised with respect to possible complaint by the Government agency, which in many cases would be the Corps of Engineers, as to the effect of that compliance. That is, for instance, where the only person who would be in a position to complain or would have any urgent reason to complain would be the contracting agency itself.

Now, Amarillo here furnishes an example of where there has been a complaint by the Corps of Engineers as a result of complaints made to the corps from contractors that the local conditions were being disrupted. That also serves as an illustration of probable extra cost to the Government.

This morning that same case was used as an instance where it appeared that there was a loss of time in construction as a result of compliance. Is this one case an unusual situation, would you say, or is this simply typical of quite a number of cases where one or more of those circumstances did exist?

General HARDIN. I think this is a rather unusual case because we do not have very many instances where we take issue with the rates. But I will let Mr. Manger answer that question, which falls in his particular responsibility.

Mr. MANGER. I will reiterate what I said before: That there has been considerable controversy over the wage rates in Texas. Generally throughout the country I would say, "No," we have not registered complaints with the Secretary of Labor. However, in the State of Texas, because of the previous practice of receiving wage rates for three types of construction—highway, heavy, and building construction; with the lowest rates being the highway rates—there has been a considerable amount of controversy regarding the rates applicable to the various types of construction. This is not an isolated case so far as Texas is concerned.

DIFFERENCES BETWEEN CORPS OF ENGINEERS AND DEPARTMENT OF LABOR REGARDING WAGE RATES

Mr. DAVIS. Can you think of any instances in which the Corps, without complaint from anyone else, has moved in to register a complaint?

Mr. MANGER. Oh, yes; we have done that. Yes.

Mr. DAVIS. Where you have felt that the finding of the prevailing wage scale by the Department of Labor was just not realistic?

Mr. MANGER. Perhaps I should answer that in this way: For a long period of years it was the practice of the Corps of Engineers through their district offices to make surveys in the area where we were about to award a construction contract, to determine the facts regarding the wage rates in the area. The results of those surveys were sent through channels, through the Office of the Chief of Engineers, to the Department of Labor, as we had what we thought was first-hand knowledge of the situation in a particular area. At the present time we are not making such surveys.

Mr. DAVIS. Let me ask you this: Did the Department of Labor accept your surveys for the purpose of determining of the prevailing wage in that area?

Mr. MANGER. We differed in our opinion as to the prevailing rate in the area.

Mr. DAVIS. Yours were on-the-ground surveys?

Mr. MANGER. We made on-the-ground surveys; yes.

Mr. DAVIS. In cases where there were differences, do you know whether or not the Department of Labor made a similar type of survey, or were those reports from contractors in that vicinity what they accepted?

Mr. MANGER. I think that Mr. O'Hare could answer that better than I; however, I believe that he did state this morning that they did get letters from some contractors and some contractors' associations, but in some instances made on-the-spot investigations.

Mr. DAVIS. Can you just roughly give us an idea as to about how many such instances there would be, from your recollection. Would it be one or two or a dozen?

Mr. MANGER. There would be several, not one or two. There would be several instances of that nature where we would make a survey and present the evidence and the Department of Labor would have perhaps additional evidence, so there was not a meeting of the minds on the wage rate.

Mr. DAVIS. Would you say that there was a general pattern of disagreement as to whether your surveys or theirs showed the higher or the lower prevailing wage scale?

Mr. MANGER. With respect to the type of construction again, the rates were usually set up on a higher level than the rates which were developed from our surveys. Again that boils down to the type of construction, whether highway or building, and an interpretation thereof.

Mr. DAVIS. Do you know of any case where your findings as to a prevailing wage rate were higher than that which was determined by the Department of Labor?

Mr. MANGER. If that would be the case, it would be an isolated instance. I cannot think of any.

Mr. DAVIS. You have no recollection of any such instance at the present time?

Mr. MANGER. No, sir.

Mr. DAVIS. Earlier in these hearings we had an instance of the cancellation of a lump-sum contract and the continuation of the work through a cost-plus-fixed-fee contract. The testimony showed under those circumstances the Corps of Engineers examined the salaries and wages of individual who were engaged on that contract for the purpose of determining whether or not those unusually high wages in some cases should be allowed. Now, if that were to happen in any of these cases which you mentioned, and where there was a difference of opinion as to what was a proper wage scale, I suppose that you would feel bound even in your settlement of the thing by a finding of the Department of Labor rather than your own opinion as to what the proper rate scale should be?

Mr. MANGER. We would have to, because the Secretary of Labor is designated by law to establish the original wage rates on a construction project.

DELAYS IN MILITARY CONSTRUCTION DUE TO COMPLIANCE WITH DAVIS-BACON ACT

Mr. DAVIS. You mentioned that there were several instances in Texas particularly where you had complaints of there being extra Government costs because of the prevailing wage being set too high. Now, what is your recollection as to the number of cases that have come to your attention where there has been a loss of time in the construction of armed service projects through compliance with the Davis-Bacon Act?

Mr. MANGER. It would be pretty hard to say how many cases were involved. I think the principal point from our standpoint is the fact that we do not want to handle this kind of case on an expedited basis because it takes additional time; it takes the time both of our office and of the Department of Labor. We would much prefer to have an area determination. I might add, in that respect, the Department of Labor has within the past 3 months, as General Hardin indicated, agreed to give us what are known as installation predeterminations so that we can use the wage rates for a period of 90 days, then any new contract can be awarded within that period. There is one other point that I feel should be stressed; this ties in with Mr. Ray's testimony this morning. Some procedure should be set up so that we could be assured that we would get our wage rates on a normal and efficient operating procedure within a shorter period of time. We have talked about a procedure of expedited action. Where we are in need of rates for a praticularly urgent job, Mr. O'Hare, if the rates are available, will give them to me on the same day I call. However, the fact still remains normally it has been difficult to get the wage rates even within the 30-day period.

Administrative procedures have been set up in the Department of Labor whereby we do get cooperation from them in getting the wage rates when we need them; however, the procedure is cumbersome. Someone in my office has to keep telephoning for the rates; the field has to telephone us and we have to telephone the Department of Labor, and, as a matter of fact, have to send people over to the Department of Labor. This is extremely difficult and time consuming. If a system could be worked out, or if additional manpower could be obtained if necessary, so that we could get our wage rates within a period of 2 weeks, that would assist us tremendously. It would also assist our contracting officers tremendously in their planning and in their opening procedures and in their awarding of contracts.

EFFECT OF GOVERNMENT CONTRACTS ON LOCAL WAGE SCALES

Mr. DAVIS. Is it not true, Mr. Manger, that the tendency, where Government contracts of any size are present, is toward increasing the general wage scale of that community?

Mr. MANGER. Generally, I would say that the Secretary of Labor determines what the prevailing rate is in the area, and then issues a predetermination.

Mr. DAVIS. Let us assume for a moment there were no such determinations of prevailing wages at all. Where you have substantial Government contracts entering into the economy of a community,

especially in cases where they are accelerated contracts, urgent contracts in any sense, is not that going to have an impact upon the community of raising the wage scale in that community?

Mr. MANGER. It would perhaps raise the rates in the community to this extent—that if it is an isolated area where there had been only house building, for example, where only a few members of the various building crafts were used, the need for a much larger number of men in an accelerated program might require the establishment of wage rates based on a metropolitan center within a relatively short distance from the project.

Mr. DAVIS. Would you care to express an opinion, or have you given any thought to the problem as to whether or not there might be conditions of emergency where the Davis-Bacon Act might be suspended without doing any harm to the labor force in that community?

Mr. MANGER. I have not given any thought to it.

Mr. FURCOLO. That is a very good answer.

Mr. DAVIS. Would you care to express any opinion on that matter?

Mr. MANGER. No, I do not think I would. I would prefer not to.

REDETERMINATION OF PREVAILING WAGE LEVELS BY SECRETARY OF LABOR

Mr. DAVIS. What recourse do either you or the contractor have when it becomes apparent that the prevailing wage level is set too high?

Mr. MANGER. We appeal to the Secretary of Labor and ask him to review a wage predetermination in which we may, by our records, indicate the rates are higher than the prevailing rates for a particular type of construction.

Mr. DAVIS. When you use the word "appeal," you are using it in a very informal sense; is that correct? There is no established procedure for anything approaching a normal appeal?

Mr. MANGER. No, sir.

Mr. DAVIS. And if the Secretary of Labor sees fit to ignore that request, that is the end of it, is that right?

Mr. MANGER. I do not know if I would say "ignore" the request.

Mr. DAVIS. If he does not do anything about it; put it that way, then.

Mr. MANGER. Presumably, when we do ask him to review a particular predetermination, he attempts to make a further determination; he attempts to obtain further information to determine whether our rate, the rate we propose, is correct, or the rate that he predetermined is correct. Where an error is made the Secretary of Labor will change his decision.

Mr. DAVIS. But you have no way at all of forcing his hand?

Mr. MANGER. Oh, no, sir.

Mr. RILEY. Mr. O'Hare, the Davis-Bacon Act was not suspended at any time during World War II, was it?

Mr. O'HARE. No, sir.

Mr. RILEY. What fact, Mr. O'Hare, enters into your analysis of wage rates where you have made a determination and then modified it later in the same area?

Mr. O'HARE. Well, could we use Amarillo as an example?

Mr. RILEY. Yes.

Mr. O'HARE. That change was based on new wage rates negotiated by the Associated General Contractors of Amarillo and the union, and payment pursuant to that change.

EFFECT OF GOVERNMENT CONTRACTS ON LOCAL WAGE RATES

Mr. RILEY. In your opinion, do the wages paid on Government projects tend to raise the wage level in the community where there are numerous Government contracts?

Mr. O'HARE. My answer to that would be "No." Take Amarillo, for example. We have two tremendous Government contracts there. One is the Pan-Tex Ordnance Works. It is an atomic energy installation near Amarillo Field. Those projects were built at the local wage rates. I do not know of any changes that were caused by the Federal construction work.

Mr. RILEY. Does the cost-of-living index enter into your calculations in the modification of wage rates?

Mr. O'HARE. No; it is not a factor.

Mr. RILEY. You do not use that as a factor?

Mr. O'HARE. No.

RELATION OF DAVIS-BACON ACT DETERMINATIONS TO WAGE STABILIZATION BOARD DECISIONS

Mr. RILEY. Where does the Wage Stabilization Board come into the picture? Where is the line of demarcation between your determination of wages and their authority to come into the picture?

Mr. O'HARE. The Davis-Bacon Act is exempt from the Defense Production Act, so we go on as we did before, you might say. However, the Secretary of Labor agreed not to determine rates higher than those approved by the Wage Stabilization Board, except in unusual circumstances.

Mr. RILEY. You are exempt from the Defense Production Act?

Mr. O'HARE. Yes.

Mr. RILEY. Does the Davis-Bacon Act tend to stabilize wages by setting a yardstick at which the various contractors will hold instead of bidding for the labor in the area where there is excessive labor construction?

Mr. O'HARE. It has that effect. There is one further fact. You will remember when they did not have a Wage Stabilization Board, after certain members of the Board walked out. We did not make any wage adjustments all during that period. We stabilized the construction industry in the absence of the Wage Stabilization Board.

Mr. RILEY. You held to the level that you had already declared; is that right?

Mr. O'HARE. That is right, and then when the Wage Stabilization Board came into being and started to issue decisions we followed those decisions.

USE OF BUILDING RATES AS BASIS FOR WAGES IN AMARILLO AREA

I would like, Mr. Chairman, to discuss the Amarillo picture. There is a statement in the record in the form of a memorandum from the Corps of Engineers that the wage rates determined by the Secre-

tary of Labor for Amarillo, the Amarillo project, disrupted the community wage rates. I think counsel brought that out a while ago.

Mr. RILEY. I will be glad to have your statement on that.

Mr. O'HARE. I am certain that I have the exact situation in mind because I personally made an investigation as a result of that statement. It was communicated to me by Mr. Manger, I believe.

In Texas you have two distinct sets of wage rates. There is no controversy about it. One set of rates prevails on highway work and the other prevails on building work. The Corps of Engineers made a survey and said in connection with the building of these dormitories that the applicable wage rate was the highway rate because the highway contractors do that work. That is in the operating engineers' classification—steam shovels, graders, bulldozers, and so on. We had determined inasmuch as building construction was involved, that the building construction rates should be paid to operating engineers on that work.

The Corps of Engineers submitted a survey and the main point in the survey was a letter from the Amarillo Chapter of the AGC stating that in that particular area all dirt moving in connection with building work was done by highway contractors. Attached to that letter were perhaps 10 or 12 statements from these highway contractors indicating that their rates were paid on that type of work. So I went in there, and first I went to all the leading general contractors in Amarillo. I asked them what they paid and they said—we paid the building rates. There was a hospital building project. There was a high school, warehouse, and so forth and so on.

Then I went to the Secretary of the AGC who had written that letter and asked him how he could have written the letter in view of the facts that I had discovered. Well, he went over the thing and made some calls, and was really surprised to know that work had been done at building rates. He wrote a letter and gave it to me. The statement of the Corps of Engineers indicates that we disrupted the wages in the community, when actually they had been paid on all commercial work in Amarillo within the recent past, as stated by the Secretary of the Amarillo Associated General Contractors Association. On that basis, of course, there was no modification of the wage determination.

POLICY IN DETERMINING RATES WHERE BUILDINGS AND ROAD CONSTRUCTION ARE UNDER WAY IN SAME AREA

Mr. RILEY. What is your policy in determining rates on a military base where they build a good many roads and streets, and so forth, and at the same time there is a barracks and warehouse construction program going on?

Mr. O'HARE. Well, that is a good question. We have quite a bit of it. It depends upon the area practice. I think along in August we had a public hearing in Amarillo on this very question, and it developed in that area there were some 10 or 12 oil companies and it was their practice to pay the same wages for road work as for building work. We adopted that. At other places there is a difference.

Mr. RILEY. Is it pretty generally the practice to include that wage determination in the building rate on Government installations?

What areas would be an exception?

Mr. O'HARE. Where there are variances?

Mr. RILEY. Yes.

Mr. O'HARE. That is very general. Pennsylvania has it, Ohio, Indiana, Massachusetts, where there is one rate for buildings and a second rate for streets, and so on.

Mr. RILEY. Whether it is on a Government installation or not?

Mr. O'HARE. Yes. Whatever private industry does, we try to follow.

RELATION OF PREVAILING WAGES TO MINIMUM AND MAXIMUM WAGES

Mr. DAVIS. Mr. O'Hare, I like your explanation for this construction that you and the chairman apparently have agreed upon, that by setting your prevailing wage, which then by law is a minimum wage and in no sense a maximum wage, you stabilize wages and keep them from going higher.

Mr. O'HARE. It is not a minimum wage; it is a prevailing wage.

Mr. DAVIS. The effect under the law is to make that a minimum wage.

Mr. O'HARE. Minimum in the sense that it is the least you can pay, but before you can get to the minimum you must first determine that it is prevailing; paid to a preponderance of the workmen in the community. We have a case in court which states that a prevailing wage is the rate at which a contractor can expect to hire his men. As a matter of fact, we have a duty to determine not a minimum rate, but the actual rate at which he can expect to hire his men.

Mr. DAVIS. When you find that for any one time, then the law says that the contractor, according to the law, shall not pay less than that?

Mr. O'HARE. Yes.

Mr. DAVIS. In that sense it is a minimum wage?

Mr. O'HARE. It cannot be both. It is a prevailing wage which is the least that you can pay.

Mr. DAVIS. What is the difference between saying that it is the least you can pay and that it is a minimum wage? Is there any distinction between the two?

Mr. O'HARE. In the sense that the prevailing wage is based not at the rate at which some men can be hired, but the general rate at which the majority of the men are employed. Once you have established it as prevailing, then it is the minimum which can be paid.

STABILIZING EFFECT OF FIXING PREVAILING RATES

Mr. DAVIS. Now, how is that going to prevent the wages from going higher if you get several contractors bidding for the same men?

Mr. O'HARE. Well, there are a lot of other things beside that. In the first place, the rate is generally based on bargaining, and it is generally for a period of a year. There is that stability. There is much more stability in the construction industry than people not acquainted with it would imagine.

For example, here at Amarillo wage rates were fixed for a period of a year, almost regardless of the amount of construction work performed during that year.

Mr. DAVIS. That is the result of a contract based on collective bargaining, is it not?

Mr. O'HARE. That is right.

Mr. DAVIS. I am still trying to get the answer to this question as to how the setting of a prevailing wage which serves as a floor, and in no case a ceiling, can stabilize wages and prevent them from going higher.

Mr. O'HARE. There is this much: You do have a prevailing wage, and it is a certain known wage. All the contractors in the community more or less respect it. If you did not have that, if you had a variety of wages, I think the tendency for labor piracy would be increased.

There is another aspect of this question which has never been touched on, as far as I know, and that is the effect that it has on labor relations. If you have to set wage rates for each Federal contract, and different contractors have different ideas as to what they can pay their labor, I imagine that that would have a tremendous impact on getting work done. It may be that the Corps of Engineers would like to comment on that. At least there is certainty in it now.

Incidentally, talking about inflation, we might as well talk about deflation. We have recovered over $1,000,000 in back wages during the past year from contractors on Federal work that failed to pay these wages, so the reason for which the law was passed is still present. Have I answered the question to your satisfaction on Amarillo, and as to exactly what took place there?

Mr. DAVIS. I think that you have explained the Amarillo case.

Mr. O'HARE. I think reference was made to instances where we have determined lower rates than the Corps of Engineers recommended. That is one example just north of Wichita, Kans. That is one instance.

Mr. RILEY. What type of contract was that?

Mr. O'HARE. For a canal.

Mr. RILEY. Government financed?

Mr. O'HARE. Yes.

DISCONTINUANCE OF PREVAILING WAGE SURVEYS BY CORPS OF ENGINEERS

Mr. DONNELLY. When did the Corps of Engineers discontinue making its own surveys of prevailing wage rates?

General HARDIN. About a year ago.

Mr. MANGER. Approximately a year ago. Some of the districts in the Southwest Division, which includes Texas, continued to make some surveys.

Mr. O'HARE. We still get them from Texas.

Mr. MANGER. Generally it was about a year ago.

Mr. O'HARE. As a matter of fact, most of the surveys came from Texas.

General HARDIN. We still have a need for making our own surveys, and I think we do it, although they are for the purpose of determining wage rates for Government employees who are in the category of a graded employee working on an hourly basis.

With regard to people who work on board dredges and floating plants, we are constantly making surveys in certain areas to determine what is a fair rate of pay for those Government employees. We are still doing that.

Mr. O'HARE. Getting back to the budget for a moment, on this survey business, when the Corps of Engineers was engaged in making surveys they had more people on that work than we did in determining the wages. They have two men in Texas full time on that work.

PURPOSE OF PREVAILING WAGE SURVEYS BY CORPS OF ENGINEERS

Mr. DONNELLY. When the Corps of Engineers was making its own surveys, were those surveys being made for the purpose of ascertaining the prevailing wages for other classes of construction employees than the Government-rated employees?

Mr. MANGER. Yes; we were making surveys primarily because the Department of Labor did not make their own surveys and it assisted us in getting more expeditious handling of our cases.

Mr. O'HARE. One final thing, so far as disrupting the community wage in Amarillo is concerned, after we made that determination the wages were never paid.

DESIRABILITY OF RESUMING PREVAILING WAGE SURVEYS BY CORPS OF ENGINEERS

Mr. DONNELLY. If the Corps of Engineers' surveys were productive of differences of opinion between the corps and the Department of Labor as to what the prevailing wages should be, would it not be a good thing to resume that activity?

Mr. O'HARE. We have taken certain steps along that line. In the State of Texas we have set up a series of public hearings. We had one at Amarillo last fall and we have three set up now to get it on the record and to make determinations based upon the record.

Mr. DONNELLY. The corps surveys were not confined to Texas, were they, Mr. Manger?

Mr. MANGER. No, sir.

Mr. DONNELLY. Would you care to answer the question that I previously asked?

Mr. O'HARE. They have been productive of differences, but, on the other hand, we have tried to work this thing out. We have had joint surveys. We made a joint survey in Amarillo with representatives of the Labor Department and the Corps of Engineers working together, trying to get this thing exactly as it should be.

Mr. DONNELLY. Mr. Manger, will you give us the corps' answer to that question?

Mr. MANGER. Do you want me to answer your first question?

Mr. DONNELLY. If you will, please.

Mr. MANGER. I believe that I have indicated already the reason why we were making the surveys. It was because the Secretary of Labor did not have the work force in the field to make the necessary surveys. We therefore made surveys so that we could get more expeditious handling of our cases. However, it developed that the Secretary of Labor appeared to be obtaining sufficient evidence on his own to make wage predeterminations and that our efforts, which cost us a considerable amount of money, were a duplication of effort. Therefore, we discontinued them. I do not think that anything could be gained by reinstituting the practice of making wage surveys.

Mr. DONNELLY. Do you know, Mr. Manger, why it took so long for the Department of Defense and the Department of Labor to agree to revert to the area-determination system?

Mr. MANGER. Well, it was not because we did not try.

Mr. DONNELLY. Throughout all the calendar year 1951 large sums of money were spent on an accelerated basis. Were there conferences and attempts made during that expedited construction program on the part of the Corps of Engineers to get this thing straightened out?

Mr. MANGER. On the part of the Department of the Air Force, the Department of the Navy, and the Department of the Army long before the expedited program.

Mr. RILEY. Do you have any classification of construction workers? Take carpenters, for example. Do you have skilled carpenters and apprentice carpenters?

Mr. O'HARE. Yes. Carpenters and apprentice carpenters.

Mr. RILEY. Just the two classifications?

Mr. O'HARE. Apprentices are by years—first year, second year, third year, and so on.

Mr. RILEY. They have to serve a certain number of years?

Mr. O'HARE. Yes.

Mr. RILEY. And they are rated accordingly?

Mr. O'HARE. Yes.

Mr. RILEY. The committee will stand in recess to meet at 10 o'clock in the morning.

WEDNESDAY, APRIL 30, 1952.

EFFECT OF WAGERRATE DETERMINATIONS ON NAVY CONTRACTS

WITNESSES

SAM HANENBERG, AIR FORCE GENERAL COUNSEL'S OFFICE
JOHN W. STANLEY, JR., BUDGET DIRECTOR OF THE AIR FORCE
L. B. MCCLOUD, OFFICE OF DIRECTOR OF INSTALLATIONS, AIR FORCE
SAMUEL SILVER, OFFICE OF ASSISTANT SECRETARY OF DEFENSE (MANPOWER AND PERSONNEL) (MRS. ROSENBERG)
JETER S. RAY, ACTING SOLICITOR, DEPARTMENT OF LABOR
JAMES O'HARE, ASSISTANT SOLICITOR, DEPARTMENT OF LABOR
E. IRVING MANGER, CHIEF, LABOR RELATIONS BRANCH, CORPS OF ENGINEERS
CAPT. D. B. VENTRES, LIAISON OFFICER, YARDS AND DOCKS
COMMANDER V. C. BERTELSEN, SPECIAL ASSISTANT FOR CONTRACTOR LABOR RELATIONS, YARDS AND DOCKS
REAR ADM. J. F. JELLEY, CHIEF, YARDS AND DOCKS
BRIG. GEN. JOHN R. HARDIN, ASSISTANT CHIEF OF ENGINEERS FOR MILITARY CONSTRUCTION
ALFRED KURTZ, CHIEF, AIR FORCE PROJECTS, CORPS OF ENGINEERS
FRED KORTH, DEPUTY COUNSELOR, DEPARTMENT OF THE ARMY

Mr. RILEY. The committee will please come to order.

Admiral Jelley, I understand you have a brief off-the-record statement, which we would be glad to have at this time.

(Discussion off the record.)

Mr. RILEY. Mr. Donnelly?

Mr. DONNELLY. Mr. Chairman, with respect to the problem of wage determinations by the Department of Labor, and the effect on Navy contracts, I have here an exchange of correspondence participated in by Admiral Jelley when he was the Deputy Chief of the Bureau of Yards and Docks, which I believe will pin-point the problem and all ramifications of it. I do not have extra copies, as I just dug these out of the reams of papers we have overnight. With your indulgence I would like to read these documents.

Mr. RILEY. Fine.

Mr. DONNELLY. The first is from the headquarters of the Naval Air Basic Training Command, United States Naval Air Station, Pensacola, Fla.:

JUNE 28, 1949.

From: Officer in charge of construction.
To: Chief, Bureau of Yards and Docks.
Subject: Minimum Wage Rates for NOy Contracts—Comments on Procedures for Determination.
Reference: (a) BuDocks Cir Ltr No. 13–49.
(b) OinCC ltr NOy 17962, PD–EN11–7234–PW–49 to BuDocks, dtd 12 April 1949 and follow-up spdltrs dated 26 May 1949 and 17 June 1949.
(c) BuDocks spdltr NOy 18246, B–310A/2r, to OinCC dtd June 23, 1949.

1. Reference (a) established a procedure for area wage determinations for inclusion in contract specifications as minimum rates to be paid by contractors on naval construction. It also requires that minimum wage rates for each individual contract be determined by the District Public Works Officer, if data are available, or by the Department of Labor, upon application by the Officer in Charge of Construction.

2. In each instance of receipt of contractual data since the effective date of reference (a) the officer in charge of construction has made application immediately for determination of minimum wage for the particular contract. On only two or three occasions has the requested data been received in time for inclusion in contract specifications or in specification addenda. In all other instances the wage data were received subsequent to bid opening but with specific instructions that the wage rates were applicable to the particular contract. Since bids were taken on the basis of wage rates included in the contract specifications, which invariably were lower in certain categories than the subsequent determination the officer in charge of construction considered that the contractor should be entitled to recover his increased costs by an additive contract change.

3. An example of this situation occurred under contract NOy 17962 for installation of automatic sprinklers in four buildings at naval air station, Pensacola. Bids were opened on February 8, 1949; the wage determination was received on February 24. The officer in charge of construction directed the contractor to revise minimum wage rates to conform with the decision of the Secretary of Labor, in accordance with instructions received with the determination, and to submit a proposal for adjustment in contract price. The officer in charge of construction's recommendation for an additive contract change in the amount of $65 was forwarded by reference (b). The officer in charge of construction has not been advised of the Bureau's action on the recommended change nor has any reply been received on the follow-up speed letters dated May 26 and June 17. Financial closure of the contract is delayed pending decision on this change.

4. A similar situation exists under contract NOy 18246 in that the officer in charge of construction requested the contractor to submit a proposal for adjustment in contract price for any increase in cost resulting from revision of minimum wage rates. To date, the contractor has not requested additional compensation. Reference (c) states that the proposed contract change is not authorized and that the Bureau's policy does not require departure from rates established in contract specifications even though higher rates are established subsequently by the Secretary of Labor. The officer in charge of construction considers that this statement of policy clarifies a situation which could be and was interpreted otherwise in accordance with instructions received with wage determinations, namely, that such minimum wage rates were applicable to the particular contract.

5. The officer in charge of construction recommends that the existing wage structure in the Pensacola area, including Escambia and Santa Rosa Counties, Fla., and Baldwin County Ala., be reviewed. Contractors report that minimum wage rates for Navy construction contracts generally exceed those prevailing in private industry. The requirement for payment of higher wage rates for Navy contracts tends to disrupt existing schedules. Frequently, an individual workman receives higher hourly pay on comparatively short-term Navy work, and later in reduced to the current industrial rate, still in the employ of the same contractor, upon return to non-Federal employment. This condition is a likely source of employee dissatisfaction. It is further recommended that the entire system of wage determinations be reviewed with the aim of providing the officer in charge of construction with wage data prior to the release of the specifications. Such action would eliminate addenda, change orders, and embarrassing situations and tend toward better public relations.

6. This letter is not intended as criticism of any agencies in connection with processing wage determinations. However, it is considered that the entire procedure is too cumbersome and involved to satisfy the time requirements for prompt establishment of minimum-wage rates for individual contracts. It is recognized that the intent of reference (d) is to establish area wage determinations. The officer in charge of construction suggests that minimum-wage rates be established for the three counties covered by this command and that these established wage rates be made to apply to all NOy construction contracts, subject to any necessary revision in specific labor classifications. If this procedure is followed the officer in charge of construction will have at hand at all times the established wage rates to be inserted in contract specifications so long as those wage determinations are current.

That is signed by George S. Robinson. He was the officer in charge of construction, and he sent a copy of this memorandum to the district public works officer of the Sixth Naval District, who was his immediate naval superior in the chain of command.

The Bureau of Yards and Docks had this under consideration from June until November, and on November 9, 1949, Admiral Jelley as Deputy Chief of the Bureau at that time wrote the following response to the officer in charge of construction of the Bureau of Yards and Docks contracts at the United States Naval Air Station at Pensacola, Fla.:

NOVEMBER 9, 1949.

From: Chief of the Bureau of Yards and Docks
To: Officer in Charge of Construction, Bureau of Yards and Docks Contracts, Naval Air Base Training Command, United States Naval Air Station, Pensacola, Fla.
Subject: Minimum Wage Rates for NOy Contracts; comments on procedures for determination
Reference: (*a*) OinCC's ltr BPW–Ho to BuDocks for 28 June 1949
(*b*) BuDocks ltr NOy–18246 B–310A/lr to OinCC NOy–18245 of 23 June 1949
(*c*) OinCC's spdltr NOy–17962 PD–EN11–7234–PW–49 BPW–Pi to BuDocks of 29 July 1949
(*d*) BuDocks ltr NOy–17962 B–310A/dpz to OinCC NABTC Pensacola of 25 Aug. 1949

1. Reference (*a*) requested Bureau consideration of an additive contract change in the amount of $65 to compensate the contractor for the difference between the wage rates placed in the specifications, Contract NOy–17962 and the official determination of the Secretary of Labor which was received after the contract was awarded. Reference (*a*) also raised certain questions and made certain suggestions as to the appropriateness of the wage determinations rendered in the Pensacola area. Reference (*b*) advised the officer in charge of construction that a similar additive contract change under the same circumstances would not be permissible under Contract NOy–18246. Reference (*c*) restated the request for Bureau approval of an additive contract change under NOy–17962. Reference (*d*) advised the OinCC that the requested additive change in the amount of $65 under NOy–17962 could not be approved by the Bureau.

2. The questions raised by paragraph 5 of reference (*a*) involving the general question of delays in the receipt of wage determinations and the accuracy of such determinations insofar as they reflect prevailing wages in the area may be commented upon as follows:

3. The Bureau is sympathetic to the position of the OinCC that the existing system of obtaining wage determinations is slow and often puts field officials in the position of either holding up work or awarding contracts without wage rates or with improper wage rates contained therein. During the past year efforts have been made to expedite this procedure in every way possible both within the Bureau and its field offices and within the Department of Labor. However, because the Department of Labor, in many cases, does not have readily accessible wage rate data at the time requests for determination are received, it is necessary that surveys be made and such a procedure naturally involves considerable time. It must be recognized that the law requires the Secretary of Labor to determine wage rates prevailing currently and he is thus prevented from maintaining static or out-of-date schedules for use in making determinations.

4. Field officers in charge of awarding contracts should request wage rates as far in advance of the award date as possible, controlled only by recognition of the fact that wage rates that are too old (more than 90 days) must not be inserted in specifications unless they have been reviewed by the Department of Labor prior to such use. Recent cases involving the use of wage schedules determined many months before have resulted in protests to the Secretary of Labor which were transmitted by that official to the Bureau, resulting in embarrassment to the Bureau.

5. It is recognized that there will be unusual cases where contracts must be awarded on very short notice, not allowing time to obtain wage rates from the Department of Labor. In such cases no wage rates will be inserted in the specifications, but in lieu thereof, the following clause included:

"Minimum wage rates as required by the Davis-Bacon Act to be paid under this contract will be furnished by addendum. In the event the Secretary of Labor's determination fixing such rates is not received prior to the bid opening date, the successful bidder agrees to pay on work under this contract wage rates not lower than the wage rates determined by the Secretary of Labor to be prevailing, as indicated by the schedule which subsequently will be furnished the successful bidder. The contractor's bid should be made on this basis, with the understanding that no adjustment in contract price will be made therefor."

Such a procedure will obviate the possibility of utilizing improper rates which may result in misleading the low bidder as to what minimum rates he will be required to pay.

It is noted that the OinCC feels that the wage rates determined by the Secretary of Labor often exceed those actually prevailing in the area concerned. This may very well be true because of the so-called 30 percent rule of the Department of Labor which provides that where there is no single rate paid in a majority of cases, the single rate prevailing in 30 percent of the cases will be considered the prevailing rate. Thus a union rate of $2 per hour paid in only 30 percent of the cases would be ruled "prevailing" although 70 percent of the tradesmen of the classification in the area received lower rates in scattered amounts. The wage rates as determined by the Secretary of Labor are beyond the control of this Bureau and unless there is definite evidence that a mistake has been made, they are ordinarily accepted without question. Where the wage rates in a determination are alleged by reliable sources in the area to be different from those actually prevailing, the officer-in-charge of construction should study the situation and if he feels that the protest is valid, he should transmit this information, via the district public works officer, to the Bureau who in turn will take the matter up with the Department of Labor. The Bureau's responsibility to have such mistakes corrected applies equally to rates which are too high and to rates which are too low.

J. F. JELLEY,
Deputy Chief of Bureau.

It is to be noted that this problem and the consideration of it by the Bureau of Yards and Docks appeared in relative peacetime, calendar year 1949.

Admiral Jelley, would you care to comment on the views expressed in this exchange of correspondence?

Admiral JELLEY. Yes; I think those were our views, prevailing at that time, and they still are our views.

NEGOTIATIONS WITH DEPARTMENT OF LABOR TO EXPEDITE WAGE DETERMINATIONS

We have been negotiating—I think that is the proper word—with the Department of Labor over a period of years to expedite the submission of wage rates. We have also been after our own people to apply for wage rates promptly to give the Department of Labor sufficient time to determine the rates.

I did want to say that we consider it a most unusual case when we ask for bids without actually including the wage rates, but sometimes you have an emergency job where you have to take bids and make an award. The contractor in such a case would undoubtedly include enough in his estimate to protect himself, and the work would cost the Government an additional amount.

So we would not use that procedure except in a most unusual case.

I would also like to say—and Commander Bertelsen can give you more details on that—that since that date in 1949 the situation has improved considerably. The Department of Labor has been able to provide the wage rates more promptly. I understand they still are shorthanded and are not able to do as good a job as they might if they had more people to conduct these surveys.

We have been able to indoctrinate our people in getting their requests in well in advance of the issuance of plans and specifications.

Commander Bertelsen, however, can answer any of the detailed questions.

UTILIZATION OF AREA DETERMINATION DURING CRASH PROGRAM

Mr. DONNELLY. Before we pass to Commander Bertelsen, Admiral, what occurred during the so-called crash program since Korea in the matter of getting wage-rate determinations for inclusion of construction contracts let on an expedited accelerated basis?

Admiral JELLEY. I have heard very few complaints. I would prefer that Commander Bertelsen answer that question, because he has been intimately in contact with it.

Commander BERTELSEN. The Bureau of Yards and Docks received from the Secretary of Labor some sixty-odd area decisions which are applicable to given areas in the country. These area decisions were similar to those which were used in World War II. They allowed the district public-works officer to have a master list of wage rates in a given area, and from that master list of wage rates he was thus able to pull out the necessary classifications and wage rates required for any one job.

The number of places where these area decisions were made available was rather limited in view of the fact that the construction program was accelerated, and it was largely, I believe, as a result of the Navy Department's efforts, along with the Army and the Air Force, that we were able to prevail upon the Secretary of Labor through Mrs. Rosenberg to have these 54–A decisions issued. Those 54–A decisions differ from the area decisions in the one regard that they are good for a 90-day period and renewable, whereas in the old area decision the rate was good until changed by the Labor Department.

However, the old area decision had certain inherent disadvantages in it, due to the press of work in the Labor Department during this crash program, and the revisions to the old area decisions were not as prompt as they could have been and should have been; and, as a

result of that, there were wage rates included in the contracts which resulted in protests from various labor organizations where they were beneath the going prevailing scale that the unions had obtained as a result of collective bargaining.

The amount of work which was prosecuted under the area-decision type of wage determinations—a rough guess, because I have not made a compilation myself and have not had one made—I would say would be about 65 percent, at least, of our work, which was done as a result of area decisions.

EXTENT OF DELAY BECAUSE OF WAGE-DETERMINATION REQUIREMENTS

Mr. DONNELLY. Was the letting of any contracts during the crash program delayed by reason of the requirement that you get those determinations?

Commander BERTELSEN. I believe there were some instances where projects were delayed. How many, and the amount of delay I do not have specific information on at the moment. I do not believe, however, that the delay was in any critical project, because at least during the time that I have been on duty, where there has been any indication from the field that a job was critical and urgent, we have been able to go to the Labor Department and within a relatively short period of time obtain wage rates.

EXTENT OF INCLUSION OF PROVISIONAL WAGE-RATE CLAUSES IN CONTRACTS

Mr. DONNELLY. Commander, can you tell us whether any of the contracts during the crash program included this clause suggested in Admiral Jelley's memorandum, which is to the effect that the contract is to be let on the condition that the contractor would be governed by a later wage determination and even if higher he still would be governed thereby?

Commander BERTELSEN. There have been a few. Normally, however, those are restricted to the smaller emergency types of contracts, because in any instance where we had a large program there is enough preplanning done to allow wage rates to be furnished on time.

Mr. DONNELLY. In the instances where the clause was included, do you know whether the successful contractor included a contingency item in his bid to cover the possibility that the wage rates might be higher than he expected?

Commander BERTELSEN. It is possible that he did. However, all bids that would be received normally do not have a breakdown which would indicate the contingency factor.

Mr. DONNELLY. In other words, the contractor, when he submits a bid, even if broken down, does not say "Contingency, 15 percent," or "Contingency, X dollars."

Commander BERTELSEN. That is right.

Mr. DONNELLY. So, there is no way for the Government to know how much he has actually padded this item or that item to cover the contingency factor; is there?

Commander BERTELSEN. There is not; no. That is a general construction procedure.

Admiral JELLEY. I would like to interject that Commander Bertelsen, before coming on active duty, was a small-business man and

actually operated a steel-erecting firm in the San Francisco Bay area So, he has actually prepared estimates for his company and backed them up. I think he is the only real expert we have had in these hearings. The rest of us have been on the other side of the table entirely, where Commander Bertelsen has been a contractor making bids and having to stand by them. Therefore, I would give his words in that regard due weight.

CUSTOM OF INDUSTRY TO INCLUDE CONTINGENCY ITEMS IN BIDS

Mr. DONNELLY. Drawing on your experience as a private contractor who has prepared estimates and, I take it, bids, can you tell us whether it is the custom and practice to include contingency items in a bid?

Commander BERTELSEN. Yes; it is. The contingency item is normally added to the bottom of the estimate, and when the bid is submitted there is one figure submitted, unless there has been a breakdown request, on unit items, the costs of unit items of work. Even in them it is a fixed price, and there is no reference to a contingency factor.

Mr. DONNELLY. So that it is there, but nobody knows how much it is except the contractor himself?

Commander BERTELSEN. That is right. Most contractors will not even admit that they put them in.

Mr. DONNELLY. Well, to what extent is this uncertainty about wage determinations a factor in the contractor's computation of his contingency item?

Commander BERTELSEN. A contractor normally, if he is going to stay in business, has to be aware of the local conditions. He has to be aware of prospective changes in wage scales. He has to know when the collective-bargaining agreements are to be renewed and what the prospective demands are going to be from the unions which are involved. He also has to know the temperament of his fellow contractors in regard to granting the demands that are going to be presented.

There are jobs which run for several years, in which the contractor must make a very careful analysis of the prospective wage increases that he will be forced to pay. He makes his estimate, the best estimate he can of what they will be, and includes that as a part of his labor cost.

APPLICATION OF PREVAILING RATE UNDER 30-PERCENT RULE OF DEPARTMENT OF LABOR

Mr. DONNELLY. In the light of what you have just stated, to what extent is a problem created by the so-called 30-percent rule which we find here in this memorandum of Admiral Jelley, wherein the Department of Labor for Government work may be requiring wage rates which are higher than the industrial wage rates, if in only 30 percent of the cases the higher wage rate is paid?

Commander BERTELSEN. The 30-percent rule normally, I believe, is applied in areas where the construction industry workers are not too highly organized. So far as the Navy work is concerned, the larger projects require a contractor with greater financial backing and more equipment, and normally we have contractors who are most susceptible

to being parties to collective-bargaining agreements with organized labor. As a result, they would be paying a rate which would be recognized by the union, and normally that would be the rate which would be within the 30-percent factor. Therefore, it appears to me that there would be no real effect on our large Navy work by the application of the 30-percent rule in determining prevailing wages.

We must speak frankly on these matters. The southeastern portion of the United States is the area, generally speaking, in which building-construction workers are not too highly organized. There is one case now before the Labor Department where the Associated General Contractors Organization in North Carolina has protested the inclusion of certain wage rates for equipment operators in Navy contracts. This refers to the same condition which was brought out in the testimony received yesterday, wherein the contractors in the North Carolina area are contending that there is a highway rate applicable to certain work as well as building rates, and in the work in question, which was the paving for a particular air field, they contended that the highway rates should have been utilized in preference to the building rates.

This matter was looked into both by our office and the officer in charge of construction at the time of award, and prior to the award. Contact was made by the officer in charge of construction with the prospective bidder to determine whether or not those wage rates in his opinion were proper for the work, and it was unanimously found by the officer in charge that the contractors believed that those rates were appropriate and proper for the job and needed to be paid in order to obtain the workers who would be required to man the job.

However, in order that there may be a decision on the matter, the Bureau has requested the Department of Labor to make a survey of that area to determine those rates, which should be properly incorporated into our contracts.

DISAGREEMENTS BY NAVY WITH FINDINGS OF DEPARTMENT OF LABOR

Mr. DONNELLY. Commander, are there many instances in which the Navy has disagreed with the findings of the prevailing wage by the Department of Labor?

Commander BERTELSEN. There have been, I would say, isolated instances, because, as I have said previously, most of our work, being large, is done by contractors who have collective-bargaining agreements with union workers. Therefore, the number of cases where we would have conflict with the Department of Labor decisions is rather limited. However, we have had specific cases, to my knowledge, wherein the Navy Department has requested lower wage rates for certain classifications on specific jobs.

I can cite one case in particular in the construction of the United States naval ammunition depot at Camp Shumaker in Arkansas. The matter of determining a proper wage rate for the classification of laborers came up. It is a generally accepted building-trades practice to have a wage rate for common labor, which is that labor which has no particular skills and covers normally those people who are coming to the job for the first time and working. Then there is another classification which is called a building laborer wherein a degree of knowledge of the general requirements of the construction program

is necessary for the person who is going to work in that classification. There we were able to establish a common laborer's rate at $1 an hour and a building laborer's rate at $1.05 an hour.

There are other forms of common labor that work with the various trades. Plumbers have certain laborers who will work with them, and oftentimes in given areas they might get more money per hour than an ordinary common laborer who has no experience whatsoever.

EFFECT OF REDETERMINATIONS UNDER VARIOUS TYPES OF CONTRACTS

Mr. DONNELLY. Commander, with respect to Camp Shumaker, that contract, as I recall it, was a cost-plus-fixed-fee contract?

Commander BERTELSEN. Yes, sir.

Mr. DONNELLY. If there is a redetermination of a lower wage rate for a different class of ordinary common labor, then the Government takes advantage of that lower wage rate in that sense; does it not?

Commander BERTELSEN. Very definitely; yes, sir.

Mr. DONNELLY. With respect to a competitive-bid contract or a negotiated contract, both of which are lump-sum contracts, what is the effect of a later revision downward by the Department of Labor of the wage determination?

Commander BERTELSEN. The effect would be none, so far as the contract price is concerned.

Mr. DONNELLY. So far as the Government is concerned?

Commander BERTELSEN. Yes.

Mr. DONNELLY. The contractor is bound to the wage determination which is made a part of the contract at the very beginning?

Commander BERTELSEN. Yes, sir.

Mr. DONNELLY. If the wage determination is subsequently revised upward, then he must pay it out of his own consideration?

Commander BERTELSEN. Out of his own pocket.

Mr. DONNELLY. If the contract wage is revised downward, the Government gets no benefit?

Commander BERTELSEN. That is right. Spreaking as a former contractor, the contractor should be allowed that privilege of gaining whatever he could in that sense. If he has to be held liable for paying any higher wage rate that is part of the risk he undertakes.

Mr. FURCOLO. To take the bitter with the sweet.

Commander BERTELSEN. Yes, sir.

Mr. DONNELLY. How much of a problem is it on a lump-sum contract to a contractor? Let us take a large contractor.

Admiral JELLEY. It would come up very seldom. I would say a wage rate would be reduced very, very seldom.

Commander BERTELSEN. You must bear this in mind: If a wage rate has been erroneously established at a higher figure in the contract than the contractor is normally used to paying, he will ordinarily come in to the officer in charge of construction very quickly requesting that the decision be reviewed; and factual data can be submitted to the Labor Department which would indicate that a mistake had been made. They often have reduced the rates.

Admiral JELLEY. That would be before the fact.

Commander BERTELSEN. Before the fact.

Admiral JELLEY. I would like to say that these wage rates are effectively policed, because when we include them in our specifica-

tions prior to undertaking bids the various labor unions scrutinize the wage rates and the contractors themselves scrutinize the wage rates and bring to the attention of the officer in charge immediately any variations from the local rates. That is where our notice usually comes from, that someone made a typographical error or made an error in determination. We hear about it before we award bids and we can take care of it by addendum to the specifications.

Mr. DONNELLY. Is that true in a crash program?

Admiral JELLEY. It has been true in our program because we have allowed a minimum of a week on moderate-sized jobs for taking bids. When any important question came up we have deferred the opening of the bids until the question could be straightened out.

We have all kinds of clarifications that may arise other than the wage rates, such as a question of design or a material that is not readily available, and things like that.

Mr. DONNELLY. Does it ever force you to resort to a negotiated contract instead of following out your original intention to have a competitive-bid contract, where the wage determinations are delayed?

Admiral JELLEY. We have not had that experience. As Commander Bertelsen said, for exceptional cases we have been able to get very quick action from the Department of Labor, and we would certainly turn to the Department of Labor to get something out in a hurry, rather than going to a negotiated contract.

Commander Bertelsen had a tabulation of contracts picked at random, indicating the number of days required, if it would be of interest to the committee.

(Discussion off the record.)

Mr. RILEY. We will recess until 2 o'clock tomorrow.

THURSDAY, MAY 1, 1952

Mr. RILEY. The committee will be in order. Mr. Donnelly, you may proceed.

Mr. DONNELLY. Mr. Chairman, when we recessed yesterday the Navy was giving the committee the benefit of its views with respect to the problem of wage determinations as required by the Davis-Bacon Act. Commander Bertelsen, had you concluded, or did you have any further comment you wish to make?

TIME REQUIRED TO GET DETERMINATIONS FROM DEPARTMENT OF LABOR

Commander BERTELSEN. The time that it takes to get wage determinations from the Labor Department is something, in my opinion, which should be always kept under close scrutiny. We try to do it in terms of administrative procedures within our own office and find that in some forty-four-odd cases, which were those in which we had complete records in the Bureau, it took an average of 29.7 days to get a determination of wage rates from the Labor Department; that is, 29.7 days in the Washington area.

It took an average of 42.8 days from the time of the receipt of the DB–11, which is a request for wage determinations, until we received a final mimeographed decision from the Labor Department.

We feel that every effort should be made constantly to try to reduce this time. Whether the Labor Department needs additional people

or whether they should have more people out in the field making area reviews of prevailing wage rates to determine perhaps more accurately or more completely the actual prevailing wages are things which I believe are in the province of the Labor Department to decide. But certainly this time is right up to the maximum that they have indicated as being required in Washington.

There are exceptions, of course. This is an average time. There are many cases in which we have gotten wage determinations on critical cases in less time than that. They are cooperative when we provide them with the information which indicates that we do have a critical situation.

We think that if Mr. Ray's attitude is conveyed all the way down into the lower echelons of the people actually working on these cases in the Labor Department, that it would benefit this problem.

NEED FOR ADDITIONAL APPROPRIATIONS FOR EXPEDITION OF DETERMINATIONS

Mr. DONNELLY. Mr. Ray testified that if, when Congress appropriated $3 billion for military construction, Congress also appropriated $30,000 to do this work of wage determination in the Department of Labor, that there would be considerable savings in time and probably in dollars to the Government.

I wonder, Admiral Jelley, if you would care to comment on such a proposition as this: When Congress appropriates X number of dollars for military construction, that Congress appropriate so much money in that bill to be earmarked for assignment to the Department of Labor to do this work. Would that result in savings and efficiency?

Admiral JELLEY. That is a mechanism to get additional money for the Department of Labor that they indicate is required for the additional workload.

However, I think it is a very dangerous precedent and would cross the whole budget structure, if you started to do that.

For example, we are in exactly the same kind of business as is the Department of Labor. They are a service agency. That is, the Davis-Bacon set-up is an organization that services Government construction agencies. The Bureau of Yards and Docks is a service organization that performs construction service and other engineering service for the Navy Department.

Following your precedent, we would wind up with maybe 30 different people giving us $20,000 here, $30,000 there, and we would have a terribly difficult time trying to justify that to the committee in a form which they could understand.

In my opinion, it is a good argument for the Department of Labor to come to the Appropriations Committee, the Labor Subcommittee, with a request for a regular or a deficiency appropriation. "Here, our workload over the past 2 years has been so many dollars worth of construction and all of a sudden it has jumped up considerably."

In our own line we would have followed that procedure if we had seen some kind of an extra workload coming on. We would have immediately gone to the budget officer and said that we needed more money.

I think the testimony before this committee should be of very great help to the Labor Subcommittee of the Appropriations Committee.

Mr. RILEY. I think so too. I do not know whether a presentation in this light was made before the subcommittee. But certainly these hearings in regard to this matter, ought to be brought to the attention of the subcommittee handling funds for the Labor Department.

(Discussion off the record.)

Mr. DONNELLY. General Hardin, do you have any observation or comment on this labor matter that you would like to make at this point?

General HARDIN. I would suggest the consideration of this as an alternative arrangement to provide the Department of Labor with the funds which I feel are necessary that they have. It has been established as a precedent in other appropriation actions in which the Corps of Engineers has been involved, such as the civil works appropriation where, in our flood control operations, the Department of Agriculture is an associate, in a way, in that they have to make studies in the upstream areas for soil erosion and water impoundment on the tributaries, at the same time that we have to do it on the main stem. It has worked out quite satisfactorily in that regard and I should think the same general pattern might be used here, where the Congress has an opportunity to consider the problem in a package, and the magnitude of the task can be well set forth at the time that the appropriations are decided upon for the military service.

That same study can then be used as a yardstick for the Department of Labor to come before the same committee and say, "If you are going to appropriate so much money for construction, then we should have so much money to implement the Davis-Bacon Act, to go along with it."

And it would be just carried in a separate paragraph. The money does not actually come to us for transfer to another agency, but it is made available to them as part of the appropriation procedure.

Mr. DONNELLY. I understand that the Department of Labor has the problem of an unbalanced workload in the fiscal year. Their peak workload coincides with the peak operations of the construction services; that is, in the spring of the year and toward the end of the fiscal year. So that the Department of Labor would not be in a position to justify a larger staff than it has for perhaps the first six months of the fiscal year, whereas in the last six months of the fiscal year they do need perhaps double or treble the number of people that they have now. That is the reason I had suggested this device.

TIME ECONOMY IN MAKING AREA DETERMINATIONS

Mr. RILEY. Commander Bertelsen, since they have made these area determinations on wage rates, has not that cut down the waiting time that you had to absorb?

Commander BERTELSEN. I think it has.

Mr. RILEY. About how much has it cut down the waiting period for wage determinations, would you say?

Commander BERTELSEN. That would have to be considered more or less on an individual-case basis. I would say that we are able to get our area decisions renewed within at least a 3-week period. I would say that they have cut the time approximately 7 days, one-third.

MEANING OF "AREA" IN CONNECTION WITH PREVAILING WAGE RATES

Mr. FURCOLO. What do you mean by area when you refer to the prevailing wage rate in an area? Would that be something much smaller than a State?

Commander BERTELSEN. Yes, sir; normally it is. It could be a county or a group of counties in a particular State, and it has even been reduced down to a military installation, in some instances.

Mr. FURCOLO. Does it refer to a place where work is to be done with reference to the labor market in that area?

Commander BERTELSEN. Usually; yes, sir.

WEIGHT TO BE GIVEN SUGGESTIONS OF CONTRACTORS ON PREVAILING RATES

Mr. FURCOLO. Then, when you have contractors bidding in such an area, do you have them in any way indicate what they thing the prevailing wage rate is for certain specified occupations? I realize that what they think is not necessarily conclusive, but do you do that?

Commander BERTELSEN. As a general rule; no. There is nothing in the invitation to bid which would request them specifically to indicate an opinion at the propriety of wage rates.

Mr. FURCOLO. If you had bids from 10 contractors in an area, and an additional question was material and each one of those ten contractors stated what he thought the prevailing wage rate was for bricklayers, carpenters, and so forth—perhaps ten different occupations—would that be of any assistance at all? It would be something of a burden on them, but it would not cost you anything.

Commander BERTELSEN. It would not cost us anything, it is true. But it would probably result in a rather confused picture in some areas.

Mr. FURCOLO. Would not the average contractor know before he made his bid what his market rate was for carpenters, bricklayers, and so forth?

Commander BERTELSEN. He would in the area where the industry is well organized and where he is drawing on a labor pool, where the rates have been established in certain areas.

Mr. FURCOLO. Even if the industry were not well organized; let us assume that you are a contractor in an area where there are no unions. You would know in a general way what the rates were?

Commander BERTELSEN. Yes; you would know what you would like to pay on the job.

Mr. FURCOLO. I do not know whether it would be of any help or not, but I cannot see where it would cost the Government a penny. I cannot see where it would be much of a burden upon the contractor. I think it might be possible that if 15 contractors were all fairly close on the prevailing wage rate in that area for certain occupations, it would be helpful in corroborating what the Department of Labor said, or questioning it, or at least it would put the Government on notice that there was a wide discrepancy between what the Department of Labor felt was the prevailing wage rate and what people felt who were in the business, which might be to the advantage or the disadvantage of one party or another.

Admiral JELLEY. I would be glad to investigate that question. Of course, we have no authority to act. We have to turn the information

over to the Department of Labor for their action. But I would be glad to look into the possibility of delegating it to the construction agencies, and so forth.

Mr. FURCOLO. What I had in mind was, if I were making some kind of a survey for the Department of Labor and I had come to the conclusion that the prevailing wage rate was such and such, and I received from you people or from 15 contractors in the area information as to what was the prevailing wage rate, I certainly would be put on notice, so that I would think twice before acting otherwise.

Admiral JELLEY. I will be glad to look into it and study that proposition.

Mr. FURCOLO. That is all.

QUESTION AS TO SURVEYS BY NAVY ON PREVAILING WAGE RATES

Mr. DAVIS. Admiral, as I gather it, there has been no real effort on the part of the Navy Department to conduct any independent survey as to what they consider the prevailing wage rates to be in any part of the country?

Admiral JELLEY. No, sir; we have made no independent surveys. We have not tried to police the operations of the Davis-Bacon Act extensively. We feel that that is the responsibility of the Department of Labor.

Mr. DAVIS. There has not been any effort then that would amount even to a spot check on your part, to get any independent figures whatsoever that you might compare with the findings by the Department of Labor as to prevailing wages?

Admiral JELLEY. No, sir. The only action we have taken at all has been as a result of complaint or criticism either by the contractor or the labor unions that the wage rates were incorrect. We have not gone out on our own initiative to check the wage rates. We have had probably one case a month where an individual contractor or group of contractors or a labor union questioned the accuracy of the wages, which we took up with the Department of Labor.

Commander BERTELSEN. May I add that there are certain specific instances on dredging operations where we have, at the request of the Department of Labor, gone out and gotten wage rates for the classifications used in a dredging operation. The Labor Department files on those particular contracts in some areas have not been complete. We have then provided certified copies of the payrolls covering the classifications and forwarded those to the Labor Department for their use in determining wage rates. Those cases are few in number.

Admiral JELLEY. And that was on the initiative of the Labor Department.

Commander BERTELSEN. That was always done with the Labor Department indicating that they did not have a complete file and requesting us to see what we could develop.

Mr. DAVIS. Would you call these instances that you have mentioned isolated instances or would they form any kind of a pattern that might be indicative of what those complaints were?

Commander BERTELSEN. They were more or less isolated instances.

Mr. DAVIS. Is there any geographical pattern whatever?

Commander BERTELSEN. Yes; the geographical pattern is to be found in the southeast portion of the United States and in Texas.

Mr. DAVIS. Are most of those complaints on the basis of a feeling that the wages were set too high or that there had been a mathematical error made, or is there not any pattern of any kind?

Commander BERTELSEN. The pattern usually follows the question as to whether or not highway and heavy construction rates are to be used on a contract versus the so-called building construction rates, as a pattern generally.

RESERVATION CLAUSES IN CONTRACTS REGARDING DETERMINATIONS

Mr. DAVIS. When we talked about this before, Mr. Donnelly read into the record a letter which you sent out, I believe while you were Deputy Chief of the Bureau. Is that letter, in which there were suggested reservation clauses in contracts with respect to findings on prevailing wage rates, still in effect in the Bureau?

Admiral JELLEY. Yes, sir; except that I think conditions with respect to the furnishing of wage determinations have improved so much since 1948 or 1949, when that letter was written, that I do not think many cases arise where it would be applicable.

Mr. DAVIS. It is still an approved method by which delays due to prevailing wage determinations can be obviated if the contractor is willing to go along on that kind of basis?

Admiral JELLEY. And if the project is urgent enough. That is our idea of the best method of getting around the delay in a very urgent contract.

Mr. DAVIS. To the best of your knowledge, this clause has not been needed in recent contracts to any widespread degree?

Admiral JELLEY. I would say that you could probably count the number of times it has been used in a year on the fingers of your hands. I would say it would be less than 10 times in a year and then only on the smaller work.

Mr. DAVIS. You would not say, then, that it is any common thing to add additional money to the construction cost because of a finding by the Department of Labor that the prevailing wages were higher than had been anticipated at the time the contract was let?

Admiral JELLEY. I would say it would be very uncommon. I would say even then the amounts would be very small. We have had a number of complaints over the last year of violations of the Davis-Bacon Act, where the contractor had called a man an apprentice instead of a journeyman, or a laborer instead of a journeyman, and the number of dollars involved, I would say, would be of the order of $60, $80, $120—figures like that. So that the amount of money that the contractor might add for the unknown wage rate I would say would be a matter of $100 or less on the average small contract and nowhere near the amount that he would add in the case of a large contract extending over several years.

Historically wage rates in the construction industry have been adjusted annually. So that if a man makes a contract say on a large drydock or something of that kind, that he knows is going to take 3 years to do, he has to sit down and estimate what the wage adjustment is going to be a year hence, and 2 years hence. And he is just going to say, Well, there is going to be a 10-percent increase, or a 15-percent increase, or a 5-percent increase. You are dealing with a $20 million project in that case. So the figure that he has to put in

for uncertainties bears no relation at all to the minimum wages. It may run into several hundred thousand dollars.

Mr. DAVIS. Then, is this a fair statement of your experience? First of all with respect to delays caused by the Davis-Bacon Act, that through the use of this directive or letter which you originally issued and which with minor modifications is still in effect, and through the improved service that you have been getting from the Department of Labor, delays caused by that act have been a very minor factor in the Navy's public works construction program?

Admiral JELLEY. It has been a very minor factor.

Mr. DAVIS. And secondly, with respect to the possible extra cost, inasmuch as the Navy has conducted no independent surveys, you would not be in a position to make any statement as to whether or not the administration of that act has been a cause of additional cost to the Government in the Navy public works program?

Admiral JELLEY. No, sir; I am not in a position to indicate that.

Mr. DAVIS. That is all.

Mr. FURCOLO. It apparently has not at least where there is unionization, is that right?

Admiral JELLEY. There is no possibility where there is unionization, because the union contractor draws his men from the union—I do not not think they use the term hiring hall, but the union hall, and has to pay the union rate. And if the Department of Labor makes a wage determination that is not the union rate, I think they hear about it before we do.

I have been acquainted closely with the operations in the field of the Davis-Bacon Act and it has never caused any particular concern that the Government has had to pay too much money because of Davis-Bacon wage rates. I have never felt that.

Mr. FURCOLO. But where it might cause some concern, some difficulty, or where it would be something to be reckoned with would be in an area where labor was not organized in unions?

Admiral JELLEY. Yes, and where they had to meet this 30-percent rule. Commander Bertelsen spoke yesterday of some instances in Pensacola where they had to use the 30-percent rule. The other 70 percent of the people could immediately say, we are not paying that much, and so forth, and there might be some complaint on that account.

Mr. FURCOLO. I understood you to say yesterday or the day before that most of the people in the construction industry, even in the South, were unionized. Is that your opinion?

Admiral JELLEY. I think so. And even in the South, in certain trades like electricians, steamfitters, the more highly skilled trades, they are highly unionized.

Mr. FURCOLO. I understood you to say yesterday that that percentage would be as high as 95 percent?

Admiral JELLEY. Yes; that is, as far as we are concerned, 95 percent by dollar value. I did make a survey in the Washington area which I consider as highly unionized as any area in the country; 25 percent of the number of contracts in the Washington area were open-shop contracts, or done by open-shop contractors. But those represented only about 3 or 4 percent of the dollar value, because of these little $5,000 and $10,000 and $15,000 repair contracts which are very frequently performed by an open-shop contractor.

Mr. FURCOLO. That is all.

Mr. DONNELLY. Mr. Chairman, I have here a report from the area engineer of the Corps of Engineers having responsibility for the construction work at Muscle Shoals, Ala., on a cost-plus-fixed-fee contract of some $18 million. The contract is for the chlorine caustic plant at Muscle Shoals. The contract was awarded on January 11, 1951. As I said, it is a cost-plus-fixed-fee contract and the amount is $18,700,300. The contractor is the Leonard-Monsanto Co. of St. Louis. The fee being paid the contractor is 4.93 percent of the amount of the contract.

With respect to the labor problem on this contract, in this report it is stated that the Corps of Engineers had worked out an understanding with the President of the Sheffield Building Trades Council and other business agents for the purpose of avoiding work stoppages on the project. Despite the advance agreement and understanding which had been worked out the following illegal strikes occurred resulting in loss of construction time.

(*a*) On May 15, 1951, the Iron Workers' job steward reported for work without his badge and was not permitted to go to work. This was in accordance with security regulations in force at that time. Force of 17 iron workers refused to start work without a job steward, with resulting loss of 6.95 man-days. The dispute was settled by discussion, a temporary badge was issued to the job steward, and it was agreed that the badge requirements would be reviewed.

(*b*) On May 15, 1951 (the same day), there was a work stoppage involving 37 operating engineers, with a resulting loss of 1.75 man-days. This was a jurisdictional dispute between the operating engineers and the teamsters union over the fact that a member of the teamsters was oiling automotive equipment, changing tires, etc. It was settled by conference and temporary agreement pending final decision.

(*c*) On June 6, 1951 (which was 3 weeks later) there was a work stoppage involving five carpenters, five steamfitters and four operating engineers, resulting loss of 7 man-days. This was due to a jurisdictional dispute between the carpenters and steamfitters over who would set a boiler on a steam-pile rig. A settlement was reached by discussion whereby the work would be performed by split crews until area practice could be established and the work properly assigned.

(*d*) On June 18, 1951 (2 weeks later) a work stoppage occurred involving seven carpenters, two laborers, and two operating engineers, with a loss of 2.75 man-days. These men refused to work on a pile-driving job unless guaranteed six 8-hour or five 10-hour days per week. After a conference all of the men except one laborer and two operating engineers were laid off and replacements hired.

(*e*) On July 2, 1951 (which is again 2 weeks later), six carpenters and two laborers stopped working with a loss of two man-days. They wanted six 8-hour or five 10-hour days per week. After a conference the men went back to work.

(*f*) The chlorine caustic plant job had a work stoppage from August 8, 1951, through August 13, 1951, involving 180 carpenters, 39 steamfitters, and 85 laborers, with a total loss of 483 man-days. The reason for this being a jurisdictional dispute between the carpenters and ironworkers over the application of corrugated asbestos siding. The National Board for Jurisdictional Awards instructed local union 109 carpenters to go back to work. The work had properly been assigned by the contractors; therefore, the strike was illegal. During the same period on the phosphate development works job carpenters and laborers (375 carpenters and 570 laborers) stopped work in sympathy with the other job, and this involved an additional loss of 1,312 man-days.

(*g*) During the period August 9 through August 13, 1951, there was a work stoppage on the phosphate development works of 203 steamfitters with a loss of 469 man-days, a jurisdictional dispute between steamfitters and ironworkers over the construction of a pipe-trestle structure. The steamfitters went back to work upon instructions from their Washington headquarters.

That is the end of the pertinent part of this report.

General Hardin, does this pose a real problem to the Corps of Engineers?

General HARDIN. Yes, in certain areas it does. It is not prevalent in the sense of over-all distribution. It is my impression it is more prevalent in those areas where labor organizations are rather new. We have had a similar situation to that which you have just read in Arkansas at Pine Bluff on another highly and very urgent defense project. Other spots in the south and south central regions have come to my attention. I will ask Mr. Manger to elaborate on that, if I may.

Mr. MANGER. General Hardin has stated the facts as they are. Where we are working in a highly industrialized area the number of jurisdictional disputes particularly, which are the major disputes involved here, are not so prevalent as they are in areas where the unions are beginning to be organized and are more or less feeling their way. We on our own do not do any mediation or arbitration. There are boards set up to handle that. When we do have a jurisdictional dispute, it is handled through the established procedures set up between the Associated General Contractors and the building and construction trades department, A. F. of L.

As indicated in one of the cases, the joint board, which is set up to handle these cases, insructs the parties to the dispute to get back to work while the board has an opportunity to review the case to determine the merits of the complaints on either side.

Mr. DONNELLY. Admiral Jelley, would you want to comment on that?

Admiral JELLEY. I concur in the statements made by General Hardin and Mr. Manger. That reflects our experience also.

Mr. DONNELLY. The chairman suggests this question: Jurisdictional strikes do pose a problem, as seen here, and he inquires as to whether the unions offset the inconvenience of such things as this by cooperating with the construction services in recruiting workers and transporting them to the job sites and coordinating and cooperating with the construction service.

General HARDIN. My personal reaction is they have contributed a great deal to getting labor into inacessible places. They have assisted us where there were highly urgent projects. I am quite willing to agree. As to whether it offsets, Mr. Chairman, I really have not any way of comparing. Mr. Manger may have some views on that. He handles these problems daily.

Mr. MANGER. Jurisdictional disputes arise as a result of a conflict between two business agents, as a general rule, at the local level. When we run into a situation like that and the matter cannot be settled within a reasonable period of time, or even immediately, I get in touch with Mr. Richard Gray, president of the building and construction trades department, A. F. of L., or Mr. Joseph Keenan, secretary-treasurer of the department, and they are extremely cooperative in assisting us when labor disputes interfere or threaten to interfere with the progress of any of our jobs. Most of the Washington, D. C., representatives of the 19 affiliated unions are also very cooperative.

Mr. DONNELLY. Does the Navy want to comment on that question?

Admiral JELLEY. Once again, I certainly concur in the opinion just expressed. I would like to add that I have received the impression that the international officers of the unions here in Washington that I have come in contact with are certainly alive to the importance of

this jurisdictional problem, and they seem to me at least to be seeking methods of solution and prevention of the problem.

I think that Mr. Manger put his finger on it, that the jurisdictional disputes start on the local level without regard to established precedents or written rules, and that perhaps personal feelings and things like that are often involved. We have had the best cooperation from the international officers here in Washington.

METHOD OF ARRIVING AT A PREVAILING WAGE

Mr. DAVIS. Just one more question from Mr. O'Hare.

Suppose that you get several different reports from the same general area with respect to the prevailing wage rate for a particular trade, what is the machinery and method by which you then arrive at a prevailing wage?

Mr. O'HARE. Well, to take a specific case: It concerns dredging work along the Gulf coast. In that case the Corps of Engineers submitted a survey. I think there were some ten contractors that paid wages in the different classifications. You could not evaluate it. There were great discrepancies, so I sent it back. I called Mr. Manger and told him that I would like a little additional study on it.

In order to properly weigh the rates on the work done by the different companies, I asked them to get the yardage of mud that these companies had dredged over the past year. When we received that information it was clearly indicated that the preponderance of the work was done by one company, 53 percent, and on that basis we adopted those rates.

Mr. DAVIS. Which made the prevailing wage the wage that was paid by the biggest company in that particular area.

Mr. O'HARE. Yes. There were some wages higher and some lower, as I remember, but it was a clear preponderance.

Mr. DAVIS. How do you justify saying to the small operator, who has been getting along on a lower wage scale, that the wages of one of these bigger competitors in the area shall be the prevailing wage, and that if he wants to do business with the Government he will have to pay that wage.

Mr. O'HARE. Under the Davis-Bacon Act, the Labor Department is directed by the Congress to determine a prevailing rate.

Mr. DAVIS. You have interpreted that to mean the prevailing wage to be the wage paid by the predominant contractor in that area?

Mr. O'HARE. It is the wage paid to the preponderance of the employees in an area.

Mr. DAVIS. Has any thought ever been given to the suggestion that perhaps inasmuch as the prevailing wage is to be enforced as a minimum, that it ought not to govern by what the big operators are paying their men?

Mr. O'HARE. I would like to clarify that. Some contractors paid more than the rate that we determined. I cannot give you anything offhand as to the exact picture. The rates we determined were not based upon the rates paid by an individual contractor. It so happened that that particular contractor did a preponderance of the work in the area.

Mr. DAVIS. Do you have anywhere in writing a statement or regulations, or interpretations which defines "prevailing wage"?

Mr. O'HARE. Yes. It is in the pamphlet that we furnished.

The regulations is numbered 503, the first item in the pamphlet is the act itself.

Mr. DAVIS. That, Mr. Donnelly, is the regulation that you inserted in the appendix of these hearings earlier?

Mr. DONNELLY. That is correct, sir.

WAGE RATE DETERMINATIONS IN NORTH AND SOUTH CAROLINA

Mr. Chairman, not to prolong the labor discussion, but to conclude it, we have one further item of information. We have a letter from the managing director of the Associated General Contractors of America, Inc., to the Carolina branch, Charlotte, N. C. He has not furnished the committee this statement with any malice of any kind. He just asked us to state what his experience has been objectively. He has this to say:

> A possibility for even more substantial saving is entirely within the control of the United States Department of Labor. In most cases, at least throughout the two Carolinas, it appears to be the policy of the Department of Labor to determine wage rates for a Government construction project at substantially higher levels than the wage actually prevailing in the locality involved. This practice not only vastly increases the cost to the Government of the particular project, but increases the cost of all construction within the area, as well as adds to the over-all inflationary pressure. In virtually all cases, in the two Carolinas, protests to the Labor Department concerning this practice have been met with stony indifference.

That is the end of his comment on that particular problem.

Mr. O'Hare, would you like to comment on that?

Mr. O'HARE. Mr. Patten makes a general statement there. You really have to take this on a case by case basis.

Mr. DONNELLY. You mentioned the name Patten, and the man who signed this letter is Robert Patten.

Mr. O'HARE. It is the same person. He was interested in the rates for the Savannah River project. That was perhaps the most intensive campaign that we have ever met in the determination of rates. The Secretary became interested in the problem personally and the rates were finally determined. It has since developed that they are entirely satisfactory. In that particular case he urged the adoption of purely local wage rates as paid at Augusta, Ga., which of course were not applicable to the construction of the fifth largest project in the history of the world. That was his viewpoint. We did not accept that viewpoint.

Mr. FURCOLO. You people may have been stony, but you were not indifferent.

Mr. O'HARE. We spent a great deal of time on that case. Mr. Kalis was the Assistant Solicitor in charge of the Division at that time. He went to the bomb site vicinity at Augusta several times. He had a conference with Governor Byrnes and a conference with the project manager. He had me working on the case for a month. I know at one time I called the Tennessee Valley Authority to get certain information. He had all the possible information that could be developed on the case before the final determination was made. In contrast, Mr. Patten's viewpoint was that wage rates paid on local construction, small work, residential construction, should have been the source of rates determined for that plant.

Mr. RILEY. I believe that Savannah River project is now the largest single construction project ever undertaken by anyone. They have just completed a record of the longest run of safety hours of any construction project in the history of construction.

I believe that the Secretary of Labor worked out a very satisfactory wage scale there. There were a number of problems involved, including the transportation of skilled workers, pipefitters, electricians handling the heaviest type of electrical equipment. They had to be recruited from all over the United States.

Coming back to this question posed here, the Associated General Contractors, if you have a protest that the wage scale is too high, Mr. O'Hare, what is your procedure in reexamining your determination and giving weight to such a protest? I believe that you testified that the Associated General Contractors as a rule are very helpful to you in the determination.

Mr. O'HARE. That is true. Another instance where this same gentleman has protested, occurred in the case of carpenters at Charleston, S. C. I think every time a wage adjustment at Charleston, S. C., in which that particular craft has been involved we have made an investigation. It has gotten down to a nose count. I know that we have done that at least two or three times.

The steps taken in a situation like that vary. It first starts out with correspondence and from that to an investigation. If you are not satisfied, public hearings are held. We held a hearing recently in North Carolina at Fort Bragg.

Mr. RILEY. Have the results of that hearing been determined yet, or has any decision been made as the result of that hearing?

Mr. O'HARE. No, there has not been a decision made.

Mr. RILEY. Is the committee to infer that you are giving consideration to the protests of the Associated General Contractors organization in that area?

Mr. O'HARE. Yes; not only in that area, but in any area. You have to be responsive to protests. Of course that is our policy.

Mr. RILEY. I believe under your instructions, as issued here in 503, you consider the wage paid to the majority of workers in certain classifications, but not less than 30 percent?

Mr. O'HARE. Yes.

Mr. RILEY. If they are less than 30 percent you simply average the rate?

Mr. O'HARE. Yes, that is right.

Mr. RILEY. So that would be a determining factor in this area that you have under consideration when final determination is made; is that right?

Mr. O'HARE. You mean the 30 percent consideration?

Mr. RILEY. First, as I understand it, you take into consideration the wage paid to the majority of the workers in that classification.

Mr. O'HARE. That is right.

Mr. RILEY. You consider not less than 30 percent of the workers in that classification if a majority do not receive it?

Mr. O'HARE. That is right.

Mr. RILEY. That rule will be applied in the consideration of this protest?

Mr. O'HARE. Yes. It has been for years.

These regulations were issued in 1935.

Mr. RILEY. Gentlemen, we are very appreciative of this information, and the committee will recess until 10 o'clock tomorrow morning.

FRIDAY, MAY 2, 1952

FAIRCHILD AIR FORCE BASE

WITNESSES

DEPARTMENT OF THE AIR FORCE

MAJ. GEN. COLLY M. MYERS, DIRECTOR OF INSTALLATIONS

L. B. McCLOUD, CIVILIAN CHIEF, CONSTRUCTION DIVISION, DIRECTORATE OF INSTALLATIONS

DEPARTMENT OF THE ARMY

BRIG. GEN. J. R. HARDIN, ASSISTANT CHIEF OF ENGINEERS, MILITARY CONSTRUCTION

A. S. KURTZ, CHIEF, AIR FORCE PROJECTS DIVISION, CORPS OF ENGINEERS

Mr. FURCOLO. The committee will please be in order. Mr. Donnelly, you may proceed.

SUPPLEMENTAL NEGOTIATED AGREEMENT

Mr. DONNELLY. Mr. Chairman, we have seen the effect of change orders on contracts which are entered into by competitive bid. In the illustration of the Mountain Home site there was a change order of 100 percent of the contract, and the change order was negotiated with the same contractor.

We have a further illustration of the necessity of dealing with the same contractor in the matter of additional work in this project of the Fairchild Air Force Base which comes under the heading of a supplemental negotiated agreement with the same contractor as distinguished from a change order (which would make the new work come within the scope of the outstanding contract).

At the Fairchild Base there is indicated considerable indecision on the part of the Air Force commencing in August of 1950 and extending until April of 1951. And throughout that period of many months, the Corps of Engineers, as the construction service, was kept in a constant state of confusion by the repeated major changes of the Air Force in the work that was desired.

I have here the first document of a series which I should like to pass to each of the members of the committee, and ask that it be inserted in the record at this point.

Mr. RILEY. It may be inserted in the record at this point, without objection.

(The matter referred to is as follows:)

Job Spokane AFB A51–1

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, August 30, 1950.

Subject: Authorization—Spokane Air Force Base, Washington, design of airfield pavement.

To: The Division Engineer, North Pacific Division, Portland, Oreg.

1. (*a*) Job location: Spokane Air Force Base, Wash.
(*b*) Supervision by: District Engineer, Seattle, Wash.
(*c*) Completion date: As determined by the division engineer.

2. Description of work authorized: (*a*) Preparation of project plans, specifications, and cost estimate for the construction of airfield pavement.

3. Engineering instructions: (*a*) Lay-out will be in accordance with attached sketch dated August 17, 1950.
(*b*) Construct new runway (4–22) 9,000 by 200 feet.
(*c*) Construct necessary taxiways and fillets as shown in red on attached sketch.
(*d*) Necessary airfield lighting and hazard removal incidental to runway lengthening will be accomplished.
(*e*) Construct aircraft parking hardstands [1] as indicated in red on attached drawing.
(*f*) Pavement design for items (*b*), (*c*), and (*e*) above will be for a twin tandem gear having 267-square-inch contact area each wheel and for a gear load of 160,000 pounds.
(*g*) The design and lay-out will provide for additional pavement construction as indicated in green on attached drawing.

* * * * * * *

By order of the Chief of Engineers:

G. E. GALLOWAY,
Colonel, Corps of Engineers,
Chief, Construction Operations Division,
Military Construction.

Mr. DONNELLY. General Myers, would you for the benefit of the committee, state the meaning and effect of this directive of August 30, 1950?

General MYERS. This is a directive issued by the engineers in accordance with the program work and the directive that we had furnished to them and the design directive for the preparation of plans and specifications and the cost estimate for the construction of airfield pavements at Fairchild.

It gives the engineer instructions as to the lay-out in accordance with the sketch, the length of the runway, the taxiways and fillets as shown on the sketch that was furnished; airfield lighting, hardstands and the design criteria.

Mr. DONNELLY. General, I note there are two enclosures. One is an Air Force sketch of August 17, 1950. Would that represent a firm decision by the Air Force as to the construction which the Air Force desired?

Mr. MCCLOUD. At that time.

General MYERS. At that time, it did, yes. Subsequently there were changes.

Mr. DONNELLY. The next pertinent document in the chain of correspondence is a memorandum of November 1, 1950. Mr. Chairman, I ask that that be inserted in the record at this point.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

[1] STAFF NOTE.—"Aircraft parking hardstands" is interchangeable with the terms "stubs" or "stub parking."

Spokane AFB A51-1A

NOVEMBER 1, 1950.

Subject: Authorization—Spokane Air Force Base, Wash.—Modification of Design of Airfield Pavement.

To: The division engineer, North Pacific division, Portland 5, Oreg.

1. (a) Job location: Spokane Air Force Base, Wash.
(b) Supervision by district engineer, Seattle, Wash.
(c) Reference: Second endorsement from OCE to NPD dated October 18, 1950, ENGER.

2. Description of modification authorized: Engineering instructions in paragraph 3 of Job Spokane AFB A51-1 are amended as follows:

(a) Paragraph 3b: Change to read "Construct new runway (4-22) 9,000 feet v. 200 feet. This runway will be reoriented from the position shown on the attached sketch by rotating 100 feet clockwise around the point of intersection with the north-south runway. The design will be based on an ultimate length of 11,200 feet by 300 feet wide, except that the longitudinal grades will be based on a length of 9,000 feet in the first phase construction and the maximum grade for the one-third end section will be limited to a plus 0.2 percent."

(b) Paragraph 3c: Change to read "Construct necessary taxiways and fillets as shown in red on attached sketch. Provide suitable fillets at all points of intersection with new and old construction."

(c) Paragraph 3h (new): Add new subparagraph *h* to read "All warm-up aprons will be designed in accordance with paragraph 5e (3) of the new Air Force Regulation 86-5, dated October 11, 1950."

(d) Paragraph 3i (new): Airfield lighting:

* * * * * * *

3. Other details and authorized funds remain unchanged.

By order of the Chief of Engineers:

J. A. DOWNS,
Assistant, Construction Operations Division, Military Construction.

Certified for fiscal liaison officer by:

SEA.

(STAFF NOTE.—The effect of this directive was to change the siting, length, and width of runway, and to change the airfield lighting system to provide an entirely new system.)

REORIENTATION OF RUNWAY DIRECTION

General MYERS. This directive reoriented the runway direction very slightly and increased its length from 9,000 feet to 11,200 feet long by 300 feet wide, which was the criterion for heavy bombardment aircraft. That is, the 300-foot width is the criterion for heavy bombbardment aircraft. The length, of course, is based on the pressure, altitude, and temperature considerations for heavy bombardment aircraft.

Mr. DONNELLY. General, we have appended a staff note at the bottom of this memorandum, which is shown on the second page thereof, which states this:

> The effect of this directive was to change the siting, length, and width of runway, and to change the airfield lighting system to provide an entirely new system.

Is that an accurate statement?

General MYERS. A new lighting system, yes; yes, that is correct.

REASON FOR CHANGE IN WORK DESIRED

Mr. DONNELLY. Would you give the committee the reason for this change on the part of the Air Force in the work desired?

General MYERS. The reorientation of the runway was a slight reorientation; maybe Mr. McCloud can help me on this.

Mr. MCCLOUD. It was done in order to get away from those hills. You will remember when I had Colonel Clarke over here, we had a map of Fairchild and he pointed out that the heavy bombardment aircraft have a very slow rate of climb and this was reoriented slightly to miss the hill that was near that runway.

Mr. DONNELLY. In August was it proposed to use this field for the heavy bombardment planes?

Mr. MCCLOUD. That was not firm at that time; no, sir.

Mr. DONNELLY. In any event, in August the Air Force knew that the hills were there, did it not?

General MYERS. Yes, sir; we knew the hills were there. That is why I hesitated about it. I was out to that place several years ago and I looked at the maps and looked at the hills. I cannot explain why the orientation was not exactly right. It was to better orient it to the hills and also to the physical lay-out of the facilities.

This base formerly was a depot, known as the Spokane Depot, Air Matériel Command, under the jurisdiction of the Air Matériel Command. It was used in the First World War. The runway system was adapted to World War II aircraft and the maintenance of them. It was also a supply depot in World War II.

Following World War II, this base was placed on a stand-by basis. The equipment and machinery were pickled, so-called, and many supplies were stored in the large repair hangar. Do you remember when it was reactivated, Mr. McCloud?

Mr. MCCLOUD. Late 1949, I believe.

General MYERS. I believe it was in 1949 that the station was reactivated, not as a maintenance depot, but as the home for one medium bombardment wing, Strategic Air Command, and certain portions of the buildings, including the large repair hangar, were turned over to the Strategic Air Command. A medium bombardment unit was stationed there.

In preparing their 1951 programs and expansion programs for the Air Force, it became evident that an additional depot was required; in other words, this depot would have to be activated as well as to find a home for the Strategic Air Command units.

There was a great deal of controversy and planning within the Air Force and between the Air Matériel Command and the Strategic Air Command as to whether or not both activities—that is, an Air Matériel Command activity and a Strategic Air Command activity—could be accommodated here.

The Air Matériel Command felt that the facilities would not be adequate for the operation of one of its units, with the large Air Matériel Command depot in operation. There was a great deal of planning and thought put into it. Many meetings were held by the Air Matériel Command and the Strategic Air Command and Air Force Headquarters personnel and it finally resolved in joint use between the two commands.

Mr. DONNELLY. Was that resolved prior to August 17, 1950?

General MYERS. No, sir; it was not resolved until last fall completely.

Mr. MCCLOUD. The final plan went back to the engineers on the 7th of February.

General MYERS. I am sure of this statement. It was not resolved until last fall, because I had considerable discussions with people of the Strategic Air Command and the Air Matériel Command and arranged several meetings, when the utilization was finally resolved.

Mr. DONNELLY. Was it logical to commence construction before that matter was resolved?

General MYERS. Yes, it was logical to commence construction on the runway and pavement system. We had decided at Air Force Headquarters that it would be a joint utilization. In the early part of this matter, in 1950, we did not know when the depot would be activated. We did know we had to use the base for a Strategic Air Command unit and so our plan was based on the eventual opening of the depot and joint use by the Strategic Air Command unit. The pavement and runway system there could then be designed for what would be the greater use; that is, by the Strategic Air Command, as far as the runway lengths, and so forth, are concerned, and for a lesser use by the depot.

The main difficulty centered around the use of the buildings, what buildings would be used by which activity and what new buildings would have to be built for each activity. Those were things that were considered until the fall of 1951 before they were finally resolved.

CHANGES IN AIRCRAFT PARKING HARDSTANDS

Mr. DONNELLY. General Myers, we note here in reading the summary the aircraft parking hardstands or stubs, and as we will see from the chain of correspondence, the number proposed was 30; it was then increased to 38 and then to 42 and then cut back to 30 and I believe the final construction was on the basis of 30?

General MYERS. That is right.

Mr. DONNELLY. Would you explain to the members why this constant indecision as to how many hardstands there would be?

Mr. MCCLOUD. When we started to change to this long runway, 11,300 feet, the ultimate cost of this job approximately doubled. It was a second supplemental item. We were trying to get as much of the pavement in as we could with the funds that we had allotted to us. At one time we thought we could get more than 30; that is why we told them to plan on 38. We still needed 42. It changed from one figure to the other and finally went back to 30 and the reason for that was to try to get as much pavement as we could with the money that we had.

General MYERS. The reason for those changes was the various cost estimates obtained in the course of the planning.

Mr. RILEY. Do you still have the locations to put in these additional hardstands?

Mr. MCCLOUD. Yes, sir. The design initially was under the second supplemental to spend $1,161,000 for pavements. The final cost was $2,264,000. In other words, it approximately doubled. Additional pavements were also included in the 1951 basic program.

Mr. DONNELLY. When you justified this project to Congress what figure did you use?

Mr. MCCLOUD. In justification of the second supplemental, we used this figure here.

Mr. DONNELLY. $1,161,000?

Mr. MCCLOUD. That is the budget estimate.

Mr. DONNELLY. At the time that you used that budget estimate, did the Air Force know what was actually contemplated was twice that amount of money, namely: $2,264,000?

Mr. MCCLOUD. No, sir.

General MYERS. The second supplemental program was based on the utilization of one medium bombardment wing.

Mr. MCCLOUD. That is right.

(Discussion off the record.)

General MYERS. Why did they not program enough pavement there?

Mr. MCCLOUD. Most of the additional pavement is involved in that additional length of runway, 300 feet by 11,300.

General MYERS. Mr. Chairman, fund limitations in the various programs prevents our programing all required pavements in a single program. Pavements for Fairchild were included in the 1951 basic program as well as the 1951 second spplemental. The basic program underran slightly but the '51 second supplemental is approximately double the original budget figure. The first intended use was for medium bombardment aircraft, which was the criteria which were furnished for the runway, 9,000 feet by 200 feet. The change to heavy bombardment aircraft necessitated the longer runway and a greater width.

Mr. MCCLOUD. That is right. The second supplemental program was started early in the calendar year 1950 and in those days it was MB.

CHANGES IN TAXIWAYS AND FILLETS

Mr. DONNELLY. The next pertinent document in the chain of correspondence is a directive of January 5, 1951, which, Mr. Chairman, I ask be placed in the record at this point.

Mr. RILEY. Without objection, it may be put in the record at this point.

(The mattter referred to is as follows:)

Spokane (Fairchild) AFB A51–1C

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, January 5, 1951.

Subject: Authorization—Modification to Directives A51–1 dated August 30, 1950, and A51–1A dated November 1, 1950, Spokane (Fairchild) Air Force Base.

To: Division engineer, North Pacific division, Portland, Oreg.

1. (a) Job location: Spokane Air Force Base, Wash., (b) supervision by district engineer, Seattle, Wash.

2. Description of authorization: Delete sketch AF August 17, 1950, referred to in paragraph 3c of directive A51–1, dated August 30, 1950, and referenced in paragraph 2b of directive A51–1A, dated November 1, 1950, and substitute sketch "Fairchild AFB", dated November 27, 1950 (sketch being forwarded under separate cover).

3. All other provisions, including funds, remain unchanged.

By order of the Chief of Engineers:

J. A. DOWNS,
Assistant, Construction Operations Division, Military Construction.

Certified for the fiscal officer by:

S. E. A.

(STAFF NOTE.—This directive ordered that the Air Force's sketch for taxiways and fillets dated August 17, 1950, be wholly superseded by the Air Force's later sketch of November 27, 1950.)

Mr. DONNELLY. The staff note at the bottom of the directive states:

This directive ordered that the Air Force's sketch for taxiways and fillets, dated August 17, 1950, be wholly superseded by the Air Force's later sketch of November 27, 1950.

Is that a correct statement, General?

General MYERS. That is correct, sir.

CANCELLATION OF PREVIOUS INSTRUCTIONS RELATIVE TO PAVING

Mr. DONNELLY. The next pertinent directive in the chain is a directive of March 6, 1951, and I ask, Mr. Chairman, that it be inserted in the record at this point.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

Fairchild AFB A51–1D

OFFICE OF THE CHIEF OF ENGINEERS,
DIVISION ENGINEER, NORTH PACIFIC DISTRICT,
Portland, Oreg.

DISTRICT ENGINEER,
Seattle, Wash.

Re airfield pavement project Fairchild AFB. All previous engineering instructions relative to pavements contained jobs A51–1, A51–1A, and A51–1c are canceled entire(ly) and superseded by the following:

* * * * * * *

Other details and authorized funds remain unchanged.
Certified for fiscal officer by (signed) S. E. A.

J. A. DOWNS,
Assistant, Construction Operation Division, Military Construction.

MARCH 6, 1951.

(STAFF NOTE.—The effect of this directive was to cancel all previous engineering instructions relative to pavements and to (1) prescribe changes in load factors, (2) increase runway length, (3) change allowable rate of grade, (4) provide aircraft parking hardstands, etc.)

Mr. DONNELLY. General, we have a staff note at the bottom of this which says:

The effect of this directive was to cancel all previous engineering instructions relative to pavements and to (1) prescribe changes in load factors, (2) increase runway length, (3) change allowable rate of grade, (4) provide aircraft parking hardstands, etc.

Is that an accurate statement, sir?

General MYERS. Yes, sir; except that I think—and General Hardin can correct me on this—the directive, instead of trying to amend previous engineer instructions, cancelled all previous engineer instrutions and restated them with the changes concerned. Many of the features remained the same.

Mr. KURTZ. That is correct. In order to have clarity, we do that rather than have them refer to two different pieces of paper. We cancel it all out, cancel out what we said previously and issue a new directive.

Mr. DONNELLY. Did it mean that the Corps of Engineers had to change its own drawing of plans and specifications in order to award the contract and start construction?

Mr. KURTZ. This took place during the design period. I do not know how much of the design had been accomplished at that time.

General MYERS. This was all in connection with design work.

Mr. DONNELLY. Did these changes make the design job harder to do?

General HARDIN. Yes; I think that is the natural conclusion.

Mr. KURTZ. That is a fair statement.

General MYERS. It prolonged the design job certainly. From the viewpoint of the difficulty of the design, I do not think it was any more difficult to design, but it required a change and it took more time to complete.

Mr. DONNELLY. At the end of this chain of correspondence we will see the terriffic impact that it had on orderly contracting procedures, in that we will see that there was a competitive bid contract let for only half the work, and then the Government had to negotiate with that same contractor for a supplemental contract in the amount of 100 percent of the contract.

DIRECTIVE INCREASING NUMBER OF AIRCRAFT PARKING HARDSTANDS

The next pertinent document in the chain of correspondence, Mr. Chairman, is a directive of April 26, 1951, which I ask be inserted in the record at this point.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

Fairchild AFB A51–1E

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 26, 1951.

Subject: Authorization—Fairchild Air Force Base, Washington—Modification of Engineering Instructions.

To: Division engineer, North Pacific division, Portland, Oreg.

1. (a) Job location: Fairchild Air Force Base, Spokane, Wash.; (b) Supervision by district engineer, Seattle, Wash.

2. Description of authorization: Directive A51–1D is modified as follows: Delete the first sentence of paragraph a (3) and substitute in lieu thereof the following: "thirty-eight (38) H. B. hardstands as shown on drawing No. FC MP–016H, photostat (in duplicate) being furnished by separate letter."

3. Other than as indicated above, the provisions of A51–1D, including funds, remain unchanged.

By order of the Chief of Engineers:

J. A. DOWNS,
Assistant, Construction Operations Division, Military Construction.

(STAFF NOTE: This directive increased the number of aircraft parking hardstands to 38.)

Mr. DONNELLY. At the bottom of this document is a staff note which reads:

This directive increased the number of aircraft parking hardstands to 38.

Is that a correct statement?

General MYERS. Yes, sir.

TRANSFER OF RESPONSIBILITY FOR CONSTRUCTION OF RUNWAY

Mr. DONNELLY. The next pertinent memorandum in the chain is a memorandum of May 5, 1951, transferring the responsibility for the construction of this job to the district engineer for the Walla Walla district, from the district engineer for the Seattle district. Mr. Chairman, I ask that this be inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

CORPS OF ENGINEERS, UNITED STATES ARMY
OFFICE OF THE DISTRICT ENGINEER, SEATTLE DISTRICT,
Seattle, Wash., May 5, 1951.

Subject: Transfer of Responsibility for Construction, Airfield Runway, Job No. Fairchild AFB A51–1

To: District engineer, Walla Walla district, Corps of Engineers, 19 East Poplar Street, Walla Walla, Wash.

1. Reference is made to "Memorandum of Understanding of Transfer of Military Work to Walla Walla District," dated March 28, 1951. In compliance with this memorandum, job No. Fairchild AFB A51–1 is transferred to your office for advertising, bid award, and construction supervision.

* * * * * * *

3. Chief of Engineers directive, job No. Fairchild AFB A51–1, dated August 30, 1950, and modifications thereto, authorize preparation of project plans, specifications, and cost estimate for the construction of airfield pavement.

* * * * * * *

6. It was originally planned to combine design of the runway, taxiways, and hardstand parking stubs to provide construction under one contract. Lack of firm siting of the hardstands and delays resulted in work now being planned for construction under two contracts. The hardstand parking stubs are scheduled for construction approximately 1 month later than runway project. Provisions have been made in this design for future connecting taxiways to the proposed hardstands and transient apron, by stubbing out taxiways to provide lateral clearance during future construction. Provisions have not been made in this design to provide for taxiway crossings by POL system piping. Preliminary plans and specifications for POL system will be available in this office on or about May 18, 1951. At that time this office will forward sufficient information so that runway drawings can be revised.

7. A construction period of 165 days has been scheduled for this project. The advertising period has been reduced to 17 days to allow bid opening on May 29. Construction is scheduled to be completed on November 20, 1951. The construction program is scheduled in phases to allow as nearly as possible a normal operation of the field during construltion.

* * * * * * *

A. L. WRIGHT,
Lieutenant Colonel, Corps of Engineers, District Engineer
(For JOHN P. BUEHLER)

Mr. DONNELLY. Paragraphs 6 and 7 of this directive are particularly applicable to the problem. Paragraph 6 states in part:

> It was originally planned to combine design of the runway, taxiways, and hardstand parking stubs to provide construction under one contract. Lack of firm siting of the hardstands and delays resulted in work now being planned for construction under two contracts.

Then we find in paragraph 7 that:

> A construction period of 165 days has been scheduled for this project. The advertising period has been reduced to 17 days to allow bid opening on May 29. Construction is scheduled to be completed on November 20, 1951.

So we find that as of May 5, 1951, the Air Force wanted this thing built in 165 days and completed by November 20, 1951, and as of that date, May 5, 1951, the Air Force had had the need for this project under consideration since the previous August of 1950 without firm decision.

General MYERS. That is right, sir. One of our difficulties here in connection with the parking stubs was also the location of the hydrant system of these parking stubs and on the periodic maintenance apron. We had quite a problem to solve there in bringing the two together

and coordinating them with the existing pavements and making up a construction schedule which would allow us to continue to use the field while construction was going on, which at times is a difficult thing to do and it was difficult to do in this case.

REDUCTION OF NUMBER OF PARKING HARDSTANDS

Mr. DONNELLY. Mr. Chairman, the next pertinent document in the chain is a directive of May 17, 1951, which I ask be inserted in the record at this point.

Mr. RILEY. Without objection, the document referred to may be inserted in the record at this point.

(The matter referred to is as follows:)

Job No. Fairchild AFB A51–1H.

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D. C., May 17, 1951.

Subject: Authorization—Fairchild Air Force Base, Wash.—Modification of Engineering Instructions.

To: Division engineer, North Pacific division, Portland, Oreg.

1. (*a*) Job location: Fairchild AFB, Spokane, Wash.; (*b*) supervision by district engineer, Seattle, Wash.

2. Description of authorization: Directive A 51–1D is modified as follows:

(*a*) Add the following to paragraph a (3) "The design is to be based on ultimately constructing 38 hardstands. At present as many hardstands are to be constructed as presently available funds will permit not to exceed the total of 30. The 8 hardstands, located in the periodic maintenace area referenced in paragraph 2g below may be included in the 30 hardstands."

* * * * * * *

3. All other provisions of A51–1D, including funds, remain unchanged except as previously modified.

By order of the Chief of Engineers:

J. A. DOWNS,
Assistant, Construction, Operations Division, Military Construction.

Certified for the fiscal officer by:

S. E. A.

(STAFF NOTE.—This directive reduced the number of parking hardstands from 38 to 30 (with provision for ultimate construction of 38).)

Mr. DONNELLY. The staff note at the bottom of this document says:

This directive reduced the number of parking handstands from 38 to 30 (with provision for ultimate construction of 38).

Is that a correct statement, General?

General MYERS. Yes, sir.

Mr. DONNELLY. Mr. McCloud mentioned to me last week that at one point the Air Force considered the need for 42 hardstands.

Mr. MCCLOUD. That is right.

Mr. DONNELLY. The need for 42 does not appear in these documents that I have.

Mr. MCCLOUD. No, sir; 38 is the ultimate number at the present time.

Mr. FURCOLO. May I interrupt to have for the record a statement of exactly what a handstand is and how expensive an item it is?

General MYERS. A hardstand, as we use the term, is a stub off of a taxiway, where the aircraft is parked.

Mr. RILEY. They have refueling facilities there as a rule, too, do they not?

General MYERS. Refueling facilities for the heavy bombardment aircraft at the hardstand; yes.

Mr. FURCOLO. Can you give me an approximate idea of the cost of one of these hardstands?

General MYERS. It takes an average of around 8,000 square yards of pavement for an HB aircraft. That is including the taxiway.

Mr. FURCOLO. For each one?

General MYERS. Yes, sir; including the taxiway and the hardstand itself.

Mr. FURCOLO. Then we are talking about an item of $100,000 or more?

General MYERS. Yes, sir; at $12 a yard, $96,000, including the portion of the taxiway here and the hardstand on which the airplane actually sits, including a portion of the whole system for the airplane; it is around a $100,000 item, roughly.

Mr. FURCOLO. So that when the number of these is juggled around from 30 to 38 to 42 to 30, we are really talking about a difference of perhaps a million dollars?

General MYERS. Yes, sir.

Mr. FURCOLO. I see.

EXCESS OF GOVERNMENT COST OVER ACTUAL BIDS

Mr. DONNELLY. Mr. Chairman, the next document I have in the chain is an important document for this reason. In negotiating contracts, without the benefit of competitive bidding, the Government relies upon its own estimate as to the cost, and that is the justification for actually consummating the contract with one contractor.

That also is true in the making up of estimates for Congress as to the cost of proposed projects.

I have here for the benefit of the committee a breakdown of the bids received for this work at Fairchild and we find that the Government cost estimate was 33 percent higher than the actual bids. Mr. Chairman, I ask that this be inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

Eng–45–164–51–6.

CORPS OF ENGINEERS, WALLA WALLA DISTRICT,
CITY-COUNTY AIRPORT,
Walla Walla, Wash., May 29, 1951.

Advance abstract of bids received in Office, Corps of Engineers, Walla Walla District, Walla Walla, Wash., 1:30 p. m. (P. s. t.), May 29, 1951, in response to invitation No. ENG–45–164–51–6, dated May 12, 1951, for new airfield pavement, Fairchild Air Force Base, Spokane, Wash.

Time of completion: Commence work within 10 calendar days after the date of notice to proceed, and work completed not later than 165 calendar days after receipt of written notice to proceed.

Bid number and name and address of bidder:	*Total bid*
1. Peter Kiewit Sons' Co., Box 491, Longview, Wash	$2, 079, 910. 00
2. Guy F. Atkinson Co., 342 Skinner Bldg., Seattle, Wash	2, 112, 426. 00
3. Carbon & Sather, North 3430 Cook St., Spokane, Wash	2, 206, 941. 00
4. Marshall Haas & Royce, P. O. Box 95, Belmont, Calif	2, 691, 111. 20
5. J. A. Terteling & Sons, Inc., Box 1428, Boise, Idaho	3, 026, 641. 00
6. S. Birch & Sons Construction Co. & McLaughlin, Inc., Great Falls, Mont	2, 051, 323. 50
7. Roy L. Bair & Co., 1220 West Ide Ave., Spokane, Wash	2, 086, 124. 00
8. General Construction Co., 3840 Iowa St., Seattle, Wash	2, 548, 244. 00
Government estimate, including profit	[1] 3, 026, 705. 24

[1] Staff,

Mr. DONNELLY. General Hardin, what explanation would you want to make of the inaccuracy of the Government estimate of the cost of this job?

General HARDIN. There is really no good explanation that I can give you, Mr. Donnelly. We endeavor to estimate the work on the same general procedure that a contractor uses. Of course, we have to assume what he is willing to put in his bid price, as an overhead item, a charge for doing business. We have to assume what he will put in his bid price an acceptable profit for himself.

We approach it on the basis of a fair and reasonable cost estimate to the contractor. We use exactly the same procedures of figuring the job on the basis of the labor and materials, equipment time, estimating hours of equipment, estimating the number of man-days of labor of different categories. It is quite a thoroughgoing procedure that they have to comply with.

But even then there are frequently considerable variations between the Government's estimate and the bids that we receive.

This summation of bidding would indicate that there was very good competition. In other words, these contractors were looking for work. They will accept a job when they are looking for work on a basis which represents a lower figure than that which they would get under normal conditions when they do not have to look for work so much.

You will notice that the price range here would run all the way from our low bid of $2,051,000 up to a figure which was very close, if not almost identical with the Government cost, as the highest bid, Terteling's and the Government estimate being very close together. That indicates that we were certainly on the high side as the bidding developed.

That is the same thing that we are experiencing today. Looking at the bids from day to day our work is currently going for something less than the Government estimate almost uniformly.

Mr. DONNELLY. These bids were received during tne crash period last year, May of 1951?

General HARDIN. That is true.

Mr. DONNELLY. This is a good argument for competitive bidding, is it not?

General HARDIN. It is an excellent one.

Mr. FURCOLO. Did you say your estimates usually are higher than the actual costs?

General HARDIN. No, sir; I do not believe I said that. I say that our estimates at the moment are higher, on work that is going, because we are in a very competitive market.

Mr. FURCOLO. I understood you to say that that is the way it was running and had been for some time.

General HARDIN. Right now; yes, sir, that is true. It has been that way since January.

Mr. FURCOLO. Perhaps I have been misinformed. I had been of the opinion, and I know many Members of Congress have been of that opinion, that whatever the estimate of cost of a job is, that is going to run over a certain period, it actually cost a great deal more.

For example, I have been on a number of subcommittees and illustrations have been given where an estimate of cost was, let us say, $80 million, but that that had to be revised up to $130 million; or another estimate that was made at $200 million, finally had to be changed to $300 million. Perhaps I am thinking of the wrong thing, General.

General HARDIN. I do not think you are thinking of the wrong thing. I think you will recall that in the past 4 or 5 years we have been on a very fast-ascending price spiral so far as the cost of doing construction is concerned.

The kind of estimates that we have to provide for budget purposes are not the kind of estimates that are made just immediately before an award. For budget purposes all that you have to rely on is your general knowledge of price trends for that particular kind of work. You do not have detailed plans and specifications prepared. You are generally dealing in terms of unit costs and those unit costs we develop by a Nation-wide summary of past experience. But right now the estimates that I am referring to are those that are made immediately before the bids are called for, when you have the plans and specifications completely detailed and it is possible for you to make an estimate with the same degree of accuracy as the contractor can make one.

Mr. FURCOLO. What I had in mind was some long-range job, that would take a period of 4 or 5 or 6 years, during which period the costs may increase.

General HARDIN. Yes, sir.

Mr. FURCOLO. I see.

NOTICE OF AWARD TO CONTRACTOR

Mr. DONNELLY. Mr. Chairman, the next pertinent document in the chain is the notice to the contractor of the award of the contract to him; and I ask, Mr. Chairman, that this be inserted in the record at this point.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

CORPS OF ENGINEERS, UNITED STATES ARMY,
OFFICE OF THE DISTRICT ENGINEER,
WALLA WALLA DISTRICT,
Walla Walla, Wash., May 31, 1951.

S. BIRCH & SONS CONSTRUCTION CO. AND MCLAUGHLIN, INC.,
Great Falls, Mont.

GENTLEMEN: You are hereby notified that your bid in the amount of $2,051,323.50, under Invitation No. ENG-45-164-51-6 for new airfield pavement, Fairchild Air Force Base, Spokane, Wash., is accepted.

Contract No. DA-45-164-eng-1131, dated May 31, 1951 has been assigned to this work and will be submitted by separate letter for your execution. Performance and payment bonds, as required by paragraph SC-7 of the specifications shall be furnished prior to or with the return of executed contract.

* * * * * * *

You are hereby notified to proceed with the work. * * *

Very truly yours,

R. N. ANDERSON,
Lieutenant Colonel, Corps of Engineers, Executive Officer.
For W. H. MILLS,
Colonel, Corps of Engineers, District Engineer.

NOTICE OF SUPPLEMENTAL AGREEMENT TO BE NEGOTIATED

Mr. DONNELLY. Mr. Chairman, the next memorandum that we have is dated June 28, 1951, which is less than 30 days after the awarding of this contract to the contractor, stating that there would be negotiated a supplemental agreement to the runway contract. I ask

that this memorandum be inserted in the record at this point, Mr. Chairman.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

JUNE 28, 1951.

To: Chief, Construction Division.
From: Acting Chief, Engineering Division.
Subject: Supplemental Agreement for Stub Parking, Job No. Fairchild AFB, A51–4F.

1. This will confirm verbal conversation this date wherein Mr. Ames advised Mr. Watson to execute the negotiated supplemental agreement to the runway contract with Birch and McLaughlin covering the construction of stub parking at Fairchild so as to obligate the funds on or before June 30, 1951.

2. Mr. Kelleway advised Mr. Ames by telephone conversation that a total of $2,366,000 had been made available for directive A51–4F, that this office was to accomplish the stub parking supplemental agreement immediately.

E. C. FRAZEN.

IMPACT OF USING COMPETITIVE BID CONTRACT AND NEGOTIATED SUPPLEMENTAL AGREEMENT WITH SAME CONTRACTOR

Mr. DONNELLY. Mr. Chairman, the impact on Government funds, by virtue of this use of a competitive bid contract and then a negotiated supplemental agreement with the same contractor, is very vividly shown in this sketch, which I ask now to have inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted in the record at this point.

(The matter referred to is as follows:)

Fairchild Air Force Base, Wash.—Comparison of unit prices established by competitive bidding with unit prices of identical materials established in negotiated supplement to competitive contract 1 month later

Description of item	Unit	Unit prices, competitive contract No. DA–45–164–eng 1131, $2,051,323.50, May 31, 1951	Unit prices, negotiated supplement No. DA–45–164–eng 1131, $1,934,764, June 29, 1951	Excess of unit prices in negotiated supplement over unit prices in competitive awarded contract	Estimated quantified of material in negotiated supplement to original contract	Excess costs to Government
Sand or sandy gravel fill	Cubic yard	$0.49	$1.11	$0.62	144,700	$89,714
Crushed base course material	Ton	1.55	1.90	.35	91,400	31,990
Excavation, unclassified	Cubic yard	.32	.41	.09	235,000	21,150
Asphaltic cement	Ton	33.00	37.00	4.00	4,700	18,800
Asphaltic concrete	do	4.77	5.00	.23	66,800	15,364
Asphaltic prime cost	do	40.00	50.00	10.00	720	7,200
Crushed leveling course material	do	1.87	2.19	.32	18,300	5,856
Total						190,074

Source: Data extracted from files of Corps of Engineers by committee's investigative staff.

Mr. DONNELLY. What has actually happened is shown by this schedule. It shows that the same contractor greatly increased the unit price that he was willing to work for in the negotiated supplemental contract as distinguished from his competitive bid contract

and the additional cost of the Government for the same types of work was $190,074, as shown by this schedule.

(Discussion off the record.)

Mr. RILEY. General, there is no provision for extending a contract on the same project a certain percentage at the same unit price as the bid?

General HARDIN. I am sorry, Mr. Chairman, I missed the first part of your question.

Mr. RILEY. Is there no provision in a Government contract for an extension of the same project, of a certain percentage of work at the same unit price as the original bid?

General HARDIN. Yes, sir, there usually is; and I would assume that there was in this case. As long as the scope of the work as defined in the original contract would permit you to go to the contractor and look to him to do the additional items which are under consideration. If it goes beyond a reasonable definition of the original scope of the work, then you get into the necessity for a supplemental agreement. If you have minor modifications in quantities—for instance, under the original runway contruction, if that would take more cubic yards of fill than had been indicated in the original contract due to some unforeseen necessity for filling or compacting more, you could logically require him to do that additional work at the same unit price that he bid, and the contract form would so state.

Mr. RILEY. It would occur to me, just speaking offhand, that he ought to be able to do it for less, because he has already moved in and set up, and does not have all of that overhead expense.

General HARDIN. You would have to analyze the new work in each instance. And that is what was done in this case. At Mr. Donnelly's suggestion, I endeavored to get an explanation of the wide disparity of the item on sand or gravel fill, item 1. And I have a letter from the district engineer of the Walla Walla District, dated April 26, 1952, in which he refers to a telephone conversation where certain questions were asked about the cost differential of fill material, in supplemental agreement No. 1. And we referred to a memorandum which Mr. Donnelly had given us on this subject.

In paragraph 2 of this letter the district engineer points out that under the original contract item 4, sand and gravel excavation, was for 500,000 cubic yards, and the contract price was 32 cents. That is for excavation.

Item 5 was sand and gravel fill. I would like to emphasize that word "fill." It is the placing of the material, rather than the excavation of the material—220,000 cubic yards at 49 cents.

The contractor estimated that at least 75 percent of the quantity for item 5—

which is fill,

would be obtained from item 4—

which was the excavation item.

Therefore, reduce his unit price. The sum of the two unit prices makes a comparative cost of fill from borrow of $0.81.

The district engineer points out that at the same time this original contract was estimated by the Seattle district, based on the best information available concerning sources of fill material and methods of operation which the contractor could be expected to use, they had

placed an estimate of $1.74 a cubic yard on this equivalent item of borrow and fill, of a total of 81 cents, obtained by adding items 4 and 5 together.

Then he points out that under the Supplemental Agreement No. 1—as is pointed out in this summary—item 4, the sand and gravel fill, 144,700 cubic yards, has a unit price of $1.11.

The Government estimate, prepared by the Walla Walla district, was $0.90, which price included stripping, excavation, 1-mile haul, spreading, and compacting. The average haul was approximately 2 miles, making a fair cost of $1.05.

He says that—

The contractor's proposal submitted for the supplemental agreement reflects the following apparent increases in cost:

I think this will tend to answer your question, Mr. Chairman. He points out that—

Haul has been increased to approximately 2 miles average over the one-half mile on the original bid.

I will explain that in a moment.

Secondly, that the—

Experience gained through pit operation during the early stage of the original contract prior to the award of supplementary agreement indicated that the pit run material was of improper gradation and would require special selection and additional blending to achieve the required densities. This has proven to be fact.

Thirdly, that—

Poor gradation increased the quantities of pit run material actually to be handled in order to obtain the desired quantities of suitable mix, which is paid for in-place.

Fourthly—

Placing and compaction under the supplemental agreement was accomplished in comparatively restricted areas when compared to the straightaway areas of the runway and taxiways, which is reflected in increased labor and equipment costs.

Now, I will hesitate there before reading any more of the letter, to summarize. I am trying to make the point that when you enter into a supplemental agreement with a contractor it is really a fresh consideration, and you have to allow the elements of the problem to be considered. Of course, by that time the contractor has usually had some experience on the job and he knows better what his problems are, and if he has underbid the job originally, why, he has every reason for resisting the same low unit prices on account of the experience that he might have had up to the time that you enter into the supplemental agreement.

Further, about the haul of this material. We noted that there was a footnote some place in Mr. Donnelly's memorandum which indicated that someone on the job had indicated that there was local material available. The footnote was that—

The representative of the Walla Walla office of the corps had stated that there was a sufficient quantity of this material at the project site.

The district engineer's comment on that appears in his paragraph 4, which reads as follows:

With particular reference to the quoted extract from the report of the congressional committee visit to Fairchild Air Force Base, on or about July 16–21, 1951, the following comments are submitted—

He also asks that reference be made to the drawing which has been shown to the committee.

Some of the required material was available on the south side of the reservation opposite the center of the new runway.

That is indicated in this place here [indicating].

At the time of negotiation there was no assurance that sufficient quantities of material were available and it was considered very likely that the contractor would be required to use more distant sources.

The statement that additional haul is unnecessary was erroneous. With some exception, work covered by the supplemental agreement could not be started until the new runway was placed in operation. The hardstand sites were not available until new taxiways and runway were sufficiently completed to permit transfer of base operations from the old northeast-southwest runway to the new facility. During the interim, truck and equipment traffic was prohibited from crossing any of the runways or overrun areas still in operation. As indicated by the work phase shown on the drawing, the hardstands are, in effect, a fourth-phase operation. In view of the above, it was estimated that the major portion of our fill material would be hauled around the ends of the new runway approximately 2 miles.

In summary:

It was recognized at the time of negotiation that the contractor had underesimated the difficulties in obtaining, blending, and placing fill material in their original bid price for item 5. The negotiations were based upon a realistic fair cost, as believed justified by the circumstances.

The 30-cent increase of the negotiated price over the net comparative cost of 81 cents, if the original filled material had been taken from borrow, is believed to be not more than adequate to cover the increased operating costs arising from factors enumerated in paragraph 3 above.

Would you like for me to make a copy of this?

Mr. DONNELLY. I have a copy of it here.

Mr. Chairman, may we insert this letter in the record at this point?

Mr. RILEY. Without objection, the letter will be inserted at this point.

(The letter is as follows:)

CORPS OF ENGINEERS, U. S. ARMY,
OFFICE OF THE DISTRICT ENGINEER,
WALLA WALLA DISTRICT,
Walla Walla, Wash., April 26, 1952.

Subject: Cost justification, Contract DA–45–164–eng–1131.
To: The Chief of Engineers, Corps of Engineers, Department of the Army, Washington 25, D. C.
(Attention: Mr. Strickland.)

1. Reference:

(*a*) Telephone conversation, 25 April 1952, between Lt. Col. C. A. Rust, Walla Walla district, and Mr. Strickland, Office, Chief of Engineers, concerning cost differential of fill material for contract DA–45–164–eng–1131, and supplement No. 1 thereto.

(*b*) Drawing 86–04–17, sheet 1 of 16, contract DA–45–164–eng–1131, copy attached.

(*c*) Congressional committee report of investigation, contract DA–45–164–eng–1131, Fairchild Air Force Base, dated approximately July, 1951.

2. Information submittd by telephone conversation is confirmed as follows:

(*a*) Original contract:

Item 4, sand and gravel excavation, 500,000 cubic yards, $0.32.

Item 5, sand and gravel fill, 220,000 cubic yards at $0.49 (contractor estimated that at least 75 percent of the quantity for item 5 would be obtained from item 4; therefore, reduced his unit price. The sum of the two unit prices makes a comparative cost of fill from borrow of $0.81.)

The Government fair cost estimate was $1.74, prepared by the Seattle District, based on the best information available concerning sources of fill material.

(*b*) Supplemental Agreement No. 1:

Item 4, sand and gravel fill, 144,700 cubic yards, $1.11.

Government estimate, prepared by the Walla Walla district, was $0.90, which price included stripping, excavation, 1-mile haul, spreading, and compacting. Average haul was approximately 2 miles, making a fair cost of $1.05.

3. The contractor's proposal submitted for the supplemental agreement reflects the following apparent increases in cost:

(*a*) Haul has been increased to approximately 2 miles average over the ½ mile on the original bid.

(*b*) Experience gained through pit operation during the early stage of the original contract prior to the award of supplementary agreement indicated that the pit run material was of improper gradation and would require special selection and additional blending to achieve the required densities. This has proven to be fact.

(*c*) Poor gradation increased the quantities of pit run material actually to be handled in order to obtain the desired quantities of suitable mix, which is paid for in-place.

(*d*) Placing and compaction under the supplemental agreement was accomplished in comparatively restricted areas when compared to the straightaway areas of the runway and taxiways, which is reflected in increased labor and equipment costs.

4. With particular reference to the quoted extract from the report of the congressional committee visit to Fairchild Air Force Base, on or about July 16–21, 1951, the following comments are submitted (see drawing 86–04–17 attached):

(*a*) Some of the required material was available on the south side of the reservation opposite the center of the new runway. At the time of negotiation, there was no assurance that sufficient quantities of material were available and it was considered very likely that the contractor would be required to use more distant sources.

(*b*) The statement that additional haul is unnecessary was erroneous. With some exception, work covered by the supplemental agreement could not be started until the new runway was placed in operation. The hardstand sites were not available until new taxiways and runway were sufficiently completed to permit transfer of base operations from the old northeast-southwest runway to the new facility. During the interim, truck and equipment traffic was prohibited from crossing any of the runways or overrun areas still in operation. As indicated by the work phase shown on the drawing, the hardstands are, in effect, a fourth-phase operation. In view of the above, it was estimated that the major portion of our fill material would be hauled around the ends of the new runway approximately 2 miles.

5. In summary:

(*a*) It was recognized at the time of negotiation that the Contractor had underestimated the difficulties in obtaining, blending, and placing fill material in their original bid price for item 5. The negotiations were based upon a realistic fair cost, as believed justified by the circumstances.

(*b*) The 30-cent increase of the negotiated price over the net comparative cost of 81 cents, if the original filled material had been taken from borrow, is believed to be not more than adequate to cover the increased operating costs arising from factors enumerated in paragraph 3 above.

R. N. ANDERSON,
Lieutenant Colonel, Corps of Engineers, Acting District Engineer.

Mr. RILEY. General, if I understand this, you would not let them haul this material across the runway. Were those runways in use?

General HARDIN. Yes, sir.

Mr. RILEY. By planes?

General HARDIN. Yes, sir. There was a period there where the old runways were in use while the new ones were being built, so that operations would be transferred at some agreed-upon time from the old to the new system, keeping the base in as near continuous operation as possible.

General MYERS. That is correct, sir.

Mr. DONNELLY. General, in your opinion, what would have been the effect of awarding this in one contract? Would the unit cost in

the one contract be a composite of the unit costs in the competitive-bid and the negotiated contract?

General HARDIN. I think every indication is that it would at least have been a composite. It would have been. I think the price would probably have been somewhat lower than ultimately agreed upon by the supplemental agreement procedure. Whether that would have been due to the contractor underestimating or not I could not say, but there is every indication there, from the unit prices that were originally obtained, that he bid quite low.

Mr. DONNELLY. In the original competitive-bid contract.

General HARDIN. In the original competitive bidding. Now, there was another reason, of course, for a supplemental agreement. That was the impracticability of having two large contract operations under individual contractors going on simultaneously at a place like this. Contractors would be in conflict. You would have to provide each of them equal opportunity to do this work. It becomes a most complicated job to have two big operations proceeding simultaneously, because the Government then is put on a position of umpiring their conflicts, as to places to work, places to get material from, and so forth; and it is a very costly thing from the standpoint of settlement of claims to have that going on.

Mr. DONNELLY. General, is that not another argument for placing all this work in the one competitive-bid contract?

General HARDIN. It would have been. It is an argument, of course, for letting one contract at a base of this nature.

Mr. DONNELLY. There were no-year funds, as I understand it. Is that correct, General?

General HARDIN. I think that is correct.

Mr. DONNELLY Is there any reason why the competitive-bid contract could not have been delayed 30 days and all the work let in the one contract?

General HARDIN. Well, I think, Mr. Donnelly, there was an urgent need for this facility. If I understand the background of it, as indicated by the records, the completion date which was desired by the Air Force was such as to give a rather short construction period. They obviously wanted it that year. To delay it would have defeated that objective.

Mr. DONNELLY. Well, then, that gets us to the delay on the part of the Air Force in making up its mind, does it not?

General HARDIN. Of course, Mr. Donnelly, if we had had more time in the early part of the year it is the natural conclusion that we might have combined both of these things. I know they had their problems in determining what was to be placed at this base. The perfect solution certainly would have been to have had an early decision on the whole undertaking.

General MYERS. That is correct, sir. We, of course, wanted the base as soon as we could get it. Our completion date there is tied in to what actually could be done in the construction season existing at Spokane. We asked for it, I think, November 20. We wanted to get the work done in that construction season.

There were delays in the siting of these hardstands and the tying in of the fuel system, as I explained before, with the hardstands. It was a joint venture in trying to site these things, between the Corps

of Engineers and the Air Force in the field, and tying it in with the money that was available. There is no question but that the Air Force was a party to a delay here in the siting and the design work.

NEGOTIATED COST FOR FILL

Mr. DONNELLY. Now, here is something which is apparently wrong on its face, and I would like to ask General Hardin for an explanation.

With respect to this item of $1.11 a cubic yard for the fill, in the negotiated supplemental contract we have here in the letter that the general has just read this statement:

> The Government estimate, prepared by the Walla Walla district, was $0.90, which price included stripping, excavation, 1 mile haul, spreading, and compacting. Average haul was approximately 2 miles, making a fair cost of $1.05

Why should the Government pay more than the $1.05; namely, why should the Government be paying $1.11?

General HARDIN. Well, Mr. Donnelly, negotiation is necessarily a give-and-take proposition. You are endeavoring to have a meeting of the minds, and you must necessarily at times give as well as demand.

My own explanation there is that it was within a reasonable limit of what we thought it ought to be, as to what the contractor might have demanded, and they probably compromised and settled on some figure in between. That is the normal procedure. You cannot estimate with mathematical precision in cases of this kind.

There are so many indeterminate factors that go into an estimate for doing construction work. There is the element of risk that is hard to pin down. There is the element of weather. There is the element of delay. There is the element of how many hours it takes a piece of equipment to do the job, or how many men it takes to do it. You can be right as well as be wrong. Therefore, you have to look at these things on the basis of an agreement or meeting of the minds.

Mr. DONNELLY. Well, if the Government actually felt that $1.05 was the fair cost for this item of work in a negotiated contract, was the Government forced or coerced into agreeing to a higher cost?

General HARDIN. Oh, I do not think there would be that feeling about the matter. We also approach a negotiation like this on the basis of not just one item but all the items. Maybe we felt we were getting a break on other items.

REDUCTIONS IN ESTIMATES EFFECTED UNDER SUPPLEMENTAL AGREEMENT

For instance, I have here, which was just shown to me, the item of stripping. On the item of stripping alone the Government estimate was for 120 acres of stripping to be done, and they estimated the total cost at $327 an acre to do it. On the other hand, the contractor was apparently willing to do that same job of stripping 120 acres at $236, so we naturally took the lowest figure.

Mr. DONNELLY. By stripping there do you mean clearing and grubbing?

General HARDIN. Yes.

Mr. DONNELLY. Is that not one of the minor items of a construction job, and one on which there is always a difference of opinion as to

how much it is going to cost; and it is a matter of a few hundred dollars per acre one way or another?

General HARDIN. Yes. It is difficult to estimate, just like many of these things which are of an indeterminate nature. On the other hand, this was a fairly substantial item. The total amount was $28,000 according to the final agreed-upon supplemental agreement, as opposed to $39,000 that the Government estimate had considered.

Then here is another item. You can have this to compare, if you would like. The Government estimate for six of these maintenance docks was $40,000 apiece, whereas the supplemental agreement was reached on the basis of $39,000. There are other ups and downs in this list.

RECORD OF NEGOTIATION FOR SUPPLEMENTARY AGREEMENT

Mr. DONNELLY. I have here a contemporary explanation by the Walla Walla district office of these negotiations which I think might shed some light on this; and, Mr. Chairman, I ask that this be inserted in the record at this point.

Mr. RILEY. Without objection, that will be done.

(The document is as follows:)

CORPS OF ENGINEERS,
WALLA WALLA DISTRICT OFFICE,
July 6, 1951.

Mail and Records Files
Chief, Construction Division

Record of Negotiation for Supplementary Agreement to Contract No. DA45–164–eng–1131 to Include the Construction of Hardstands, Maintenance Docks, and Pavement. Fairchild Air Force Base, Fairchild, Washington, Stub Parking.

1. When plans and specifications were received from Seattle for the proposed work for the hardstands, maintenance docks, and pavement at Fairchild Air Force Base, it was evident that if the work were advertised for bids and if the contractor on the main runways and taxiways were not the successful bidder, there would be considerable interference between the contracts. Furthermore, the time set on the first phase of Contract 1131 (120 days) precluded the possibility of another contractor working in a large portion of the stub area without subjecting the Government to claim by the contractor on Contract 1131. If the new contractor were kept out of the area until runways were completed (120 days) it would be impossible to complete the hardstands prior to cold weather. The using agency was very anxious to obtain the use of a large part of the stub area by October 1. Permission was therefore requested from the division engineer, North Pacific division office, to negotiate with Birch-McLaughlin, contractors engaged on the runways under Contract No. DA–45–164–end–1131. This permission was granted on June 8 and Mr. Birch of Birch-McLaughlin was contacted by the Chief, Construction Division, and requested that he meet here in this office with his representatives to discuss the negotiation of a considerable amount of additional work. The date for this conference was set as June 13.

2. At 9 a. m. on June 13, representatives of Birch-McLaughlin met in the office of the Chief, Construction Division, for this discussion. * * * At this meeting the plans and specifications were given to the contractor and the work was discussed in as much detail as possible for the contractor to discuss without further study. The contractor was requested to prepare his proposal for this additional work and to meet in the office of the Chief, Construction Division, at 10 a. m. on June 18 for negotiation.

3. The contractor presented his price schedule for items 1 through 57 with the exception of item No. 14, maintenance docks, upon which he made a very rough estimate of $65,000. The total of the estimate as submitted by the contractor at this time was $2,117,525.50.

4. A number of the items were above the contracting officer's estimate, and these were discussed in detail with the contractor. There were several items in

which the contractor had included too much profit which were called to his attention and the items were reduced accordingly. Also, an item which was considered by the representatives of the Corps of Engineers to be considerably out of line was item No. 4, sand or sandy gravel fill, which the contractor had bid at $0.49 in the original contract and was now asking $1.24. The reasons for the large increase in price were discussed and it was found that the contractor thought that he would be required to change his type of operation in that there would not be sufficient quantity of this material within reasonable limits. * * *

5. * * * On June 20 the Chief, Construction Division, met with General Walsh and Mr. Kelleway in the North Pacific division office for review of the proposal. They expressed satisfaction with the prices with the exception of the price for the sandy gravel fill which was based on a 2½-mile haul and was considered rather high. * * * The Chief, Construction Division, was instructed to return and negotiate further with the contractor on the items of the sandy gravel fill and the maintenance docks which he did by meeting with S. Birch, A. McIntyre, and O. McIntyre at the resident engineer's office at Fairchild Air Force Base on June 22. The resident engineer was also present at this meeting. On the item of the sandy gravel fill, the contractor pointed out where he thought the material would have to come from, and this distance was checked by the resident engineer and the Chief, Construction Division, and found to be approximately 2 miles. The contractor agreed to reduce his price on this item to $1.11. He objected to considering the item on a basis of load, spread, and compact, plus haulage on a mile basis, in that it would restrict his operations and would necessitate a great deal of engineering and bookkeeping to keep this item straight and preferred it on a straight unit price. After this distance had been checked by representatives of the district office, the price was considered reasonable.[1]

* * * * * * *

8. The results of this negotiation and the letter were presented to the district engineer on June 25 who called the division engineer and gave him the information. The division engineer called back later that day and authorized the district engineer to accept the negotiated price for the supplementary work. This was done by letter dated June 29, 1951, to Birch-McLaughlin, signed by Colonel Mills, district engineer.

9. The final negotiated price with the contractor was $1,934,764. The contracting officer's estimate was $1,777,400.30. After negotiations were complete a copy of the design analysis was obtained from Seattle district attached to which was the controlled estimate which gave an estimate of $1,867,968 without design, engineering, supervision, and administration.

WATSON.

NEGOTIATED ESTIMATES FOR ASPHALTIC CEMENT, CONCRETE, AND PRIME COATING

Mr. RILEY. General, there are three items down here on asphaltic cement, asphaltic concrete, and asphaltic prime coating, all of which carry unit prices in the original contract. Is it not true that the contractor had set up his mixing plant to unload at the docks, and everything of that nature, and that he expected to amortize them out of his contract, so that he would have been in a position to have made a better bid on those items in the second contract than he did on the first? Would that not be a logical conclusion?

General HARDIN. That is a logical conclusion; yes, sir.

Mr. RILEY. I wonder why those prices were higher?

General HARDIN. I do not have an answer for that, sir.

[1] STAFF NOTE.—An informed and qualified representative of the corps advised a member of the committee staff that there was a sufficient quantity of this material available on the project site, and that there was therefore no need for the additional haul

(STAFF NOTE.—Sand or sandy gravel fill: Under the competitive awarded contract the price for sand or sandy gravel fill was 49 cents per cubic yard, whereas under the negotiated supplement to this contract the Corps agreed to a price of $1.11 per cubic yard for this same material. The files indicate the corps was aware of this increased cost; however, the contractor successfully contended that there was not sufficient sand or sandy gravel fill within a reasonable distance for this additional work and that he was entitled to a higher unit price due to a longer haul. This contention was not supported in a discussion by the Staff at the project site with a respesentative of the Walla Walla office of the corps who stated that there was a sufficient quantity of this material at the project site.)

Mr. RILEY. I wonder if we could not get that. On the basis of this information he would be vulnerable on those items.

General HARDIN. We will probably have to go back to the district on that, Mr. Chairman. The only point that had been raised was the one of the fill. That was the only one prepared.

Mr. RILEY. Off the record.

(Discussion off the record.)

General HARDIN. Mr. Chairman, I believe I have material available now to make a reasonable answer to your additional inquiry pertaining to those items on the cost of asphaltic cement, asphaltic concrete, and asphaltic prime coat, which were in the discussion earlier, so that we can avoid going back to the field.

If I may, I would like to read a brief paragraph from the finding of facts which are required to be made a matter of record to support a supplemental agreement or change order.

Mr. RILEY. All right.

General HARDIN. This finding of fact has a subparagraph, paragraph 3 (g) with a subject of Justification of Price. I will read it as it appears, for the record:

On June 18, 1951, negotiations were conducted with the contractor wherein the contractor submitted his price proposal for items Nos. 1 through 57, in the total amount of $2,117,525.50. Several of these items were noted to be above the contracting officer's estimate and were discussed in detail with the contractor. As a result of these discussions the contractor submitted a revised proposal on June 19——

The day after.

in the total amount of $1,999,601. A review of this revised proposal was made by the division engineer, North Pacific division, on June 20, 1951, and approval was obtained on all items except the prices for sand and gravel fill, item No. 4, and maintenance docks, No. 14, which were considered too high. Another conference was held with the contractor on June 22, 1951, wherein the contractor in the light of additional information furnished by the Government agreed to reduce his proposal to $1,934,764.

The division engineer, North Pacific division, thereupon authorized the district engineer to accept the negotiated price for the new construction and to enter into a supplemental agreement therefor.

I would also like to invite your attention, in addition to the summary information which you have, to the fact that the contracting officer's estimate of a fair and reasonable cost to the contractor for that work shows that he had estimated $34.50 per ton for asphaltic cement instead of $37 per ton, which appears in the supplemental agreement. For asphaltic concrete the Government estimate was $4.65 in lieu of the $5 appearing in the supplemental agreement; and for asphaltic prime coating, the Government estimate was $47 a ton instead of the $50 appearing in the supplemental agreement.

I think it is only a thoroughly justified conclusion to reach that in view of the effort to have a meeting of the minds, the contracting officer and the division engineer compromised between what the contractor had asked and what we had estimated in the Government estimate; and these figures in the supplemental agreement are indicative of that compromise.

You can recall that there were three successive estimates prepared by the contractor, and they were scaled down from $2,117,000, roughly, to $1,999,000 on the second submission and then further reduced to $1,934,000 on the third submission.

(Discussion off the record.)

Mr. RILEY. Would this $1,934,000 contract be subject to renegotiation or redetermination?

General HARDIN. Yes, sir; all these contracts are.

Mr. KURTZ. The renegotiation feature covers all work with the Government, not only this contract. It would be examined in the light of all of the work with the Government.

METHOD OF READING NEGOTIATED PRICE OF SUPPLEMENTAL AGREEMENT

Mr. DONNELLY. General, from this memorandum of July 6, 1951, we find in broad outline what actually happened when the Government negotiated the second contract. The Government's estimate of the cost of the second contract was $1.7 million. The contractor submitted a figure of $2.1 million. The final negotiated price was $1.9 million, which looks as though the two teams of negotiators split it right in the middle. They split the difference. Does that appear to be the case, sir?

General HARDIN. It appears to be the case, certainly. It would indicate that there was a compromise.

Mr. DONNELLY. Now, if the Government had asked for bids on this work, in the light of the experience of the competitive-bid contract on this job, would it not be logical to assume that the bids would be lower than the Government's cost estimate of $1.7 million?

General HARDIN. I admit, Mr. Donnelly, if you are just looking at suppositions, I would have to reach the same conclusion; but, as you know, bidding and contracting is a very unpredictable thing. You could not say with certainty that that would be the way of it. It might depend upon what the workload was of the people who were interested in bidding at that time. I admit we got fine bids the first time. It is only reasonable to suppose that you might have duplicated them.

EFFECT OF DELAY IN PLANNING AND CONTRACTING FOR PROJECT

Mr. DONNELLY. Now we have what appears to be a very candid statement from one official of the Corps of Engineers in the Walla Walla district to another one in the Seattle district, which, Mr. Chairman, I ask to have inserted in the record at this point.

Mr. RILEY. Without objection, it will be done.

(The document is as follows:)

TELEPHONE CONVERSATION BETWEEN GLENN H. VON GUNTEN, ASSISTANT CHIEF, DESIGN BRANCH, MILITARY WORKS, WALLA WALLA DISTRICT, AND MR. THOMAS, SEATTLE DISTRICT OF THE CORPS OF ENGINEERS

JULY 20, 1951.

The reason that the stub parking at Fairchild was not included in the runway contract is primarily because the Air Forces could not or did not determine for us a firm lay-out of the number, type, and location of the stub. It was essential that construction work begin on the runway as early in the construction season as possible in order to complete when desired by the using agency; prior to winter weather.

THOMAS.

Mr. DONNELLY. Now, I think that the final detrimental effect of the delay in planning and contracting is shown clearly in what actually happened in the construction. The Air Force wanted this thing by November 20, 1951, and the fact is, as I understand it, the job was shut down in December 1951 due to weather, so that the completion date was not met. Is that right, General?

General MYERS. Yes, sir.

Mr. MCCLOUD. As of the 31st of March, which is the last report, the contract was reported as 100 percent completed.

Mr. DONNELLY. In other words, 5 months after the Air Force desired completion the construction was finally completed?

General MYERS. No. Let us see if we have the completion date here.

Mr. DONNELLY. November 20, 1951, was the desired completion date.

General HARDIN. What was the beneficial occupancy date?

Mr. MCCLOUD. The beneficial occupancy was the 7th of November 1951. The scheduled completion was the 15th of February, and the estimated completion was the 31st of May. But it is shown as 100 percent complete as of the 31st of March.

Mr. DONNELLY. So far as the contractor's obligation to the Government was concerned, however——

General MYERS. No; it was 99 percent completed, sir.

Mr. DONNELLY. So far as the contractor's obligation to the Government was concerned, he was expected to complete it entirely on November 20, 1951; is that correct?

Mr. MCCLOUD. When the job started.

General MYERS. I do not think so.

Mr. DONNELLY. That is what is shown here in this one memorandum, for a construction period of 165 days, and a construction schedule to be completed November 20, 1951.

General HARDIN. On the face of it, Mr. Donnelly, I must agree that you are right. His obligation was to complete it on the contract time, but as I pointed out the other day in these days of Government controls you run into situations where you cannot keep the contractor pinned to that completion date, because he is entitled to extensions of time for actions beyond his own control. For instance, the record of this job here would indicate to me that he substantially complied with his contract obligations by getting the thing usable back in November. But on the other hand with Government controls of materials and what not it is very possible that he has not been able to get every individual item to install in the kitchen, or a valve or a fitting some place, or maybe even a substantial amount of materials which were not available to him to put into this job.

Under those circumstances you are required to give the contractor an extension of time which is in keeping with the delays over which he has no control. It is the same thing with the weather. If he had had a slug of bad weather, so that he could not reasonably have been called upon to work, he would be entitled to an extension of time. Those are merely accompanying reasons why you find so many of these jobs, although the completion date in the contract is set up at

a certain time, may run out for months after that, until he reaches the final 100 percent completion. That does not deny, however, that the project is usable.

Mr. RILEY. Mr. Furcolo, do you have any questions?

Mr. FURCOLO. No.

Mr. RILEY. Mr. Davis?

Mr. DAVIS. I do not believe I do.

POSSIBILITY OF ISSUING CONTINUING AREA WAGE DETERMINATIONS

JAMES O'HARE, ASSISTANT SOLICITOR, DEPARTMENT OF LABOR

Mr. DONNELLY. General Myers, passing to another subject, at the outset this morning you indicated to me that the Air Force had some views as to the requirement of getting wage determinations under the Davis-Bacon Act. Do you have a statement to make with respect to that?

General MYERS. Yes, sir; I do, sir. I have a statement here, Mr. Donnelly. The Air Force is involved in these wage determinations to a much lesser extent than the Army or the Navy, insofar as our minor construction and major rehabilitation is concerned, but I have a statement here, sir.

The requirements of the Davis-Bacon Act have the effect of delaying advertising award of minor new construction and other maintenance and operations projects which are accomplished under the supervision of major AF commands. The time required for routine handling of these wage determinations is at least 30 days within the Department of Labor and in many cases the time required exceeds 30 days.

The principal objection of the Air Force to the present procedure is the necessity of obtaining wage rate determination on an area basis, which expires after 90 days. This means that request for a new area determination must be made at least 45 to 60 days in advance of the 90-day expiration date in order to prevent a lapse of the current wage rates. At the present time there are six areas without an approved set of rates.

The situation could be greatly alleviated if the Department of Labor would determine rates on an area basis and permit these rates to remain in effect until changed or amended by a later determination of the Department of Labor.

It is therefore recommended that the procedure which was established during the war be reinstated in order to alleviate the administrative burden and consequent undue delay in the award of contracts and prosecution of the construction program.

Mr. RILEY. Mr. O'Hare, is the 90-day determination a matter of law, or is that an administrative procedure?

Mr. O'HARE. It is a matter of regulation, pursuant to Reorganization Plan 14. Part 5 of the regulations we have submitted, and it is covered in that.

Mr. RILEY. But it is an administrative determination and is not incorporated in the law; is it?

Mr. O'HARE. It is not a part of the law, sir. That is right; it is by regulation.

Mr. RILEY. Would it be feasible to comply with the suggestion made here by the Air Force?

Mr. O'HARE. Well, take the last paragraph:

It is therefore recommended that the procedure which was established during the war be reinstated in order to alleviate the administrative burden and consequent undue delay in the award of contracts and prosecution of the construction program.

The decision which we have in effect now, so far as the 90-day provision is concerned, is exactly the same as we had during the war. It was considered, however, on the part of the armed services during the war, that the decision was a continuing one and that the Labor Department would modify it from time to time. The new one is designed to accomplish the same thing with the safeguard that the rates will be current.

Mr. RILEY. What would be the objection to letting it run continuously, and notifying them of any change that might occur, instead of their having to apply for it and wait?

Mr. O'HARE. They are not supposed to wait. There is no occasion for that. All they have to do is to drop another request in the mail, and that is all there is to it.

I think the Air Force, for example, would have about 50 requests, and, as they say here, you just drop it in the mail at the expiration of 45 days after they have received it. In that time the determination would come out to replace the existing determination.

Mr. RILEY. I am just wondering this: Who would be hurt if you made an area wage determination and let it run continuously until you found, through information received in your office and through your contacts, that a new wage determination was in order, and then you just made it and mailed it to the Air Force and the Army and the Navy and said: "Now, we have had to change the rates in this area."

Mr. O'HARE. Well, the Labor Department is hurt, because we checked with the Navy and we checked with the Air Force and we found that we were doing unnecessary work. That is one example. We gave them area determinations.

When the Air Force started construction work, we extended that privilege, so to speak, to the Air Force, in order to enable them to get going on their program. They had widespread use of area determinations.

For example, Grenier Field, N. H., is one place where we were required to keep the determination in effect, and keep it modified and so forth, but they were not working there. The idea of these determinations that we have now is that if there is no construction at the base the thing will automatically lapse, and we will not have that work to do unnecessarily.

The Navy reviewed its area wage determinations, and cut out a whole lot of them, where there was very minor construction involved which did not justify keeping those determinations in effect. Then, too, there is the press of work, with all the cases that we have had which makes it difficult to keep the cases modified as they should be.

The present procedure is a safeguard to insure that every 90 days the rates will be reviewed. There is a compulsion in the procedure. If you have 100 cases to do, and you also have modifications to make, but there is no request before you, it is not a case on your desk. Then you have to go and get the case, and modify it. The person who is supposed to do that might not do it.

There was an incident at Wichita Falls, Tex., at the Air Force base there. I think the Air Force was working there, and the Corps of Engineers was also working there. I never did really get to the bottom of it, but the same contractor was working for them both. He had two contracts. He was getting along fine on the Corps of Engineers' contract, because the rates were right. Every time he put in a new

trade on the Air Force job he had a work stoppage. That happened at least twice, and possibly three times. The only thing I can see that was involved there was that the determination for the Air Force project was obsolete.

There have been instances where these things have gone on for periods of as long as 6 months.

Mr. RILEY. It would appear, without knowing the details of the actual operation, that it would mean less work to you, and it would seem to me that if the local rates were out of line some union official would either notify you, or somebody else who was interested, and you could make a redetermination.

Mr. O'HARE. There is just one further point. He talks about the procedure during the war. Then the agency was required to request a review every 90 days, which in effect is the same thing we have today, only it is a new request. By the new method you can tell whether or not the rates are obsolete, just on the face of it. You just get the date and compute 90 days, and you know whether or not it is a current decision.

Mr. RILEY. On these small jobs, the maintenance and operation projects, the delay runs the cost up considerably. I know from my own experience that if you have to sit and wait, when you have your organization ready to go and your material ready to use, as you sit around and wait you run up a cost on that job.

Mr. O'HARE. Mr. Chairman, if you would ask the representative of the Air Force whether in any area where he has had an area determination he has had a delay, due to the fact that it has not been replaced, that might answer it.

Mr. RILEY. I am just going by this memorandum.

Mr. O'HARE. Yes.

Mr. MCCLOUD. No, sir; I do not know of any such case. All that I have reported here is what our people have told me. As of the day before yesterday they were without rates at six places.

It could well be at one of the places which Mr. O'Hare just mentioned, such as Grenier, where we are doing no work, that that is true.

We know of no specific case where it has hindered us from activating a base. It is a suggestion, merely, that more red tape could be cut if they would take off the 90-day limitation. I might ask Mr. O'Hare a question, if I may, please, sir.

Mr. RILEY. Yes. Off the record.

(Discussion off the record.)

Mr. MCCLOUD. They have gotten into the second quarter of this calendar year. Have you noticed, Mr. O'Hare, a great change in the wage rates over the first quarter in any area, just from what you can recall, or were they substantially the same?

Mr. O'HARE. They are the same, except as adjusted by the Construction Industry Stabilization Commission.

Mr. MCCLOUD. Yes.

Mr. O'HARE. No wage adjustment is permitted today, except with specific approval of the Commission.

Mr. RILEY. Off the record.

(Discussion off the record.)

Mr. MCCLOUD. We feel that the situation has been greatly alleviated since the first of the year by the establishment of the area

wage rates, rather than on a job-by-job basis. That has cut a tremendous amount of paper work out. There is no question about that.

Mr. RILEY. That is one thing which the Congress has been critical of, the tremendous amount of paper work which is necessary on all of these projects. We would like to eliminate just as much of it as we can. Any suggestions which you have to related problems of the military services which would tend to do that we would like to hear about.

Mr. MCCLOUD. Well, the present procedure is much simpler than the one which was in effect prior to the 1st of January.

General MYERS. Yes, sir.

Mr. RILEY. Off the record.

(Discussion off the record.)

Mr. O'HARE. Mr. Chairman, on this point of cutting red tape, we are in accord with that and we are trying to do that.

Just a little example is this: We have these area decisions which are really installation decisions. At San Antonio the Air Force has four bases; Lackland, Kelly, Brooks, and Randolph. They had four individual determinations, one for each installation. I told them they could get one for the county, and use it at all four installations.

Mr. RILEY. Yes.

Mr. O'HARE. If you want to cut a little red tape, you could extend that to the Corps of Engineers at Fort Sam Houston, because we are perfectly willing to do that if the suggestion comes from the Department of Defense.

General MYERS. Mr. Chairman, the purpose in bringing this up is to bring up a point for consideration. I was not here during your hearings on this, but I was in the field after the war at a time when we had area determinations. Then it was changed to the individual determinations for each station. That did increase the administrative load terrifically. Going back to an area determination is a big step, in my opinion, in the right direction.

My purpose in bringing this up was merely as a suggestion, that so far as the using service is concerned I think it would help us if these area determinations were allowed to remain in effect. If it would put an administrative burden on the Department of Labor to do that, maybe that is another consideration.

Mr. RILEY. Do you not get reports from time to time, Mr. O'Hare? I am just exploring the possibilities. Do you get reports from these areas, from your advisers and contacts, which will enable you to make these determinations without a request, from time to time?

Mr. O'HARE. The present procedure provides for a compulsory review, of all area cases. It also requires a determination on the part of the agency that the need still exists for that area determination, that there is work involved. The reason for the review, at the end of every 90 days, is that if we do not keep these cases up to date, the rates might not be accurate. We should also extend the area method to the General Services Administration.

Mr. RILEY. Would it be helpful to you if the Air Forces and the other services could give you a memorandum outlining the length of time which they expect to have construction in a certain area? Then you would know that they would need these determinations for that period, instead of having to ask for it every 90 days.

Mr. O'HARE. There is one other aspect I would like to bring out. If a contract is awarded with an obsolete wage rate in it—for example, suppose that the rate of $2 for carpenters is used, when at the same time we have given a higher rate to another agency and that agency has awarded on the basis of the later determination, with the later wage rate in it, in such a case the contractor bidding on the obsolete wage determination is entitled to reimbursement for the difference.

Mr. RILEY. Yes, but if you made the higher determination, could you just not make a duplicate and mail it to the Air Force, if you knew they had something under construction?

Mr. O'HARE. Well, you know, there is the workload and all to consider. I just do not feel that there is a sufficient staff to do that.

Mr. RILEY. I know the proposition of a limited staff, but it seems to me that that would eliminate some of your work, if you would just put four or five copies in the typewriter, and mail one of them over to the Air Force, which would state that the rate has been changed in that area.

Would it be in order to suggest that you discuss that with some of your colleagues down there, to see if you could make a suggestion which would tend to ease this thing up a little bit?

Mr. O'HARE. Yes, sir; I would be glad to.

Mr. RILEY. We would appreciate it if you would.

Mr. O'HARE. Yes, sir.

Mr. RILEY. I believe if the services could give you an estimate of the length of time that they propose to have construction in a certain area that then you could notify them of any modification in the wage scale from time to time, as was necessary, and just mail them a slip without their having to go through the rigmarole of requesting it.

Mr. O'HARE. There is one other reason for the present system. When you keep these cases in effect they get bulky and complicated. This 90-day system gives them a new case, and it is a small case. If they use a case which has been in existence for a year, for example, into a contract, with all the modifications and so on, it would take a half hour to go through it.

Mr. RILEY. Do you not make up a new folder and file it in pretty much the same place, so that you can compare it with the previous determination?

Mr. O'HARE. Well, now there is a new folder.

Mr. RILEY. I am sorry.

Mr. O'HARE. There is a new folder now for every 90 days.

Mr. RILEY. Every time you make a new determination, could you not just stick that in the folder with the rest of it, just as though a request had been made?

Mr. O'HARE. Well, you still are amending that earlier case. Some of those cases got so complicated, Mr. Chairman, that a typist would take an hour in tracing the history of it. That has been cut out. That cut out the red tape in our department, and it was a saving, too. We will, of course, consider the suggestion.

Mr. RILEY. The committee would appreciate it if you would have a conference on that and see if there is any way in which you can relieve that, so as to eliminate all possible delay, because it means additional clerical force in the armed services, and it increases the cost of the small contracts by having to wait, and all that sort of thing.

Mr. O'HARE. Of course, it would be the same thing if we initiated the request and sent you a new case every 90 days to replace your old one. I think that is your point, is it not?

General MYERS. Yes.

My point is, of course, as has been stated, to just allow them to remain in effect, and then you initiate the request for a change if one is required.

Mr. O'HARE. What if we determine to issue a new case at the end of 90 days, as a replacement to the old one? That would be the same thing.

General MYERS. Yes.

Mr. O'HARE. It is a very simple proposition. All we have to do is to initiate the request ourselves, rather than have you do it, and there would be an obligation on your part to tell us when the construction was not in volume.

General MYERS. That is right. We could certainly tell you when a construction was no longer underway, and the determination no longer required. It seems to me that would be the way to do it.

Mr. RILEY. What were the reasons for the 90-day revision of rates which was prepared? Just on the surface, since that is a very short period of time to negotiate your wage rates in any area, what would the reason be? It just appears that way.

Mr. O'HARE. I think you would get a change in that period in any active area. Of course, the reason for it stems from abuses.

Mr. RILEY. Would not every 6 months be sufficient?

Mr. O'HARE. Well, before we had the regulation we had cases which were a year and a half old when they were used. This was not true with General Services or the armed services, but other agencies such as FHA, for example.

Then there is another factor. Of course, the rate is really a minimum and a maximum. The minimum is under the Davis-Bacon Act, and the maximum is under the wage stabilization, so if you do not modify it, the contractor is not authorized to pay it. That puts him in the position of going to the Construction Commission to get approval. That is a time-consuming affair, too.

I think we can work out something to simplify it.

Mr. RILEY. I believe you can. For instance, most of the contracts with labor are made on the basis of a year at a time. and there is no change in the rates for that period of a year.

Mr. O'HARE. Well, in some areas that is true. Washington is one of the areas where the lather's rate was just settled. Now the operating engineers are discussing a change. It seems to be more or less a continuing process.

Mr. RILEY. Mr. Donnelly, have you any other questions?

Mr. DONNELLY. I have nothing now, unless General Hardin has a statement.

(Discussion off the record.)

Mr. RILEY. Thank you, Mr. O'Hare. You are excused.

(The Department of Labor subsequently supplied the following response to the Air Force suggestion:)

UNITED STATES DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, June 5, 1952.

Hon. JOHN J. RILEY,
Chairman, Subcommittee on Military Public Works,
Committee on Appropriations, House of Representatives,
Washington 25, D. C.

DEAR CONGRESSMAN RILEY: Reference is made to your request that this Department submit its views with respect to the recommendation of a representative of the Department of the Air Force to the subcommittee relating to area decisions issued pursuant to the Davis-Bacon Act. The recommendation is that procedures be devised which would obviate the necessity for the initiation of wage requests for area decision cases every 90 days by the Army, Air Force, and Navy Departments. The objective sought to be achieved is that these agencies at all times have a wage determination which may be used by contracting officers in the field in areas where a substantial volume of defense construction is scheduled. Changes or amendments would be made by the Department of Labor on its own initiative as wage rate adjustments occurred in the localities for which area decisions had been issued.

I appreciate the necessity of devising methods which will be of assistance in expediting the construction of the many projects made necessary by the current defense program. The recommended procedure, however, would shift to this Department additional work, much of which is now being done by the Defense Department. As you know, we are hard pressed to keep abreast of our current workload, and the assumption of new responsibilities would necessitate additional personnel and funds for wage surveys, especially in nonmetropolitan areas. If the necessary additional funds can be made available it will be possible to devise a procedure which I believe will solve the problem raised by the Department of the Air Force. Area decisions in cases where such decisions are appropriate would be issued for the Department of the Army, Air Force, and Navy Departments applicable to a contract or contracts to be awarded at particular installations. Such decisions would be effective for 90 days and would also be modified by this Department during the 90-day period. A new area decision would, at the expiration of the 90-day period, be issued by this Department without a request by the particular agency. This procedure is in accord with the requirements of section 5.4 of regulations, part 5, 29 CFR, 1951 supplement.

You may be assured that the Department of Labor wishes to cooperate as fully as possible with the defense agencies and the subcommittee and will be pleased to receive any further suggestions which will enable this Department to improve its service in furnishing wage determinations.

Yours very truly,

MAURICE J. TOBIN,
Secretary of Labor.

NECESSITY FOR STANDARD DESIGNS FOR BARRACKS, WAREHOUSES, ETC.

Mr. RILEY. Before we recess, I should like to mention one other thing. I do not think there is any question but that the committee and the Congress are going to insist that there be some standard plan, which, of course, might be subject to slight modifications, for barracks and warehouses and things of that kind.

If I interpret the attitude of the committee and the Congress correctly—and I think I do—they are not going to stand for this idea of redesigning everything on every base. I do not mean to say that in any arbitrary way at all. But there is no great reason why we should not have more or less of a standard plan for buildings of that type. Of course, if it is some technical installation that requires a certain architectural design, that is a different matter. But on such faiclities as warehouses, hangars, barracks, I do not believe we will be able to sell the Congress on your new construction requirements unless we can assure them that you will develop standard plans of some kind.

General MYERS. May I say, Mr. Riley, in that connection, that at least as far as the Air Force is concerned, we recognize that.

We started our construction program, our 1951 construction program without definitive drawings. By that I mean definitive layout drawings of various structures that we required; for instance, the technical reconnaissance laboratory; a readiness hangar; an alert hangar—those had to be developed, and they were developed from experience in the field and the opinions of people in the field who were going to use them—in other words, the using agency, as to what was required; headquarters buildings, administration buildings, squadron operations buildings—you can name hundreds of them.

So we came up with a lot of definitive drawings that were furnished to the Corps of Engineers. We had several different sizes of definitives for the same buildings; for instance, a photo laboratory—we had one of 500 square feet, one of 1,000 square feet, 1,500 square feet, 2,100 square feet. We have had, as you know, many different designs of barracks.

Now, we gave those definitive plans to the Corps of Engineers and we said, "Build according to this definitive for this item." And the engineers had to get the work under way and in many cases instead of having one contractor, an architect-engineer, draw up one set of plans that would apply throughout the United States, they were forced to dish it out to the various divisions—correct me if I am wrong, General Hardin—so that we have now, in some cases, for some particular building, six different sets of contract plans and specifications that apply to six different areas in the United States for the same type of structure. They are all a little different.

We have now in progress a program to do this. First of all, on our definitives we are getting comments in from all the major commands. We have set up a special task group to study those definitives with a view to reducing them to the very minimum number that we need.

For instance, this case of the photo lab; I do not think we need five or six different sizes, but we have to perfect those. We must reduce the number and perfect them.

The next thing we are doing, we are getting these contract plans and specifications in that have been drawn up by the architect-engineers for the Corps of Engineers in the various areas, and we are putting them all together, and we will study them, and we are going to pick out in the case of this one building—let us call it the technical reconnaissance laboratory—and if we have six or seven different plans there, we are going to pick out one plan and say, "This is it." Or we are going to pick out this one plan and say, "This is a revision from this one, and that is what we want."

Then we are going to ask the Corps of Engineers to use that as the standard definitive, the standard plan for all technical reconnaissance laboratories throughout the United States and adapt it to the particular site.

What I am trying to say is we are now in the process I think of doing what you have in mind, sir.

Mr. RILEY. I hope that that will be done at an early date. I believe the Navy told us that by doing this same sort of thing—they went through the same formula to a large extent—they believe they are going to save 25 percent in construction.

General HARDIN. Mr. Chairman, may I supplement what General Myers has said?

Mr. RILEY. Yes.

EXTENT TO WHICH STANDARD PLANS ARE CURRENTLY AVAILABLE AND USED

General HARDIN. I am afraid there has been some misunderstanding about the availability of standard plans and the utilization of them in the current program.

Right now we do have for the Air Force a standard airmen's dormitory; standard bachelor officers' quarters; standard hangar; standard warehouse; standard chapel; standard theater.

Those plans were prepared by engineers and architects and they are now used throughout the whole construction program in the United States.

The reason I want to make sure that you understand, when you design a building like this and you have the detailed plans and specifications prepared for that structure, it is still necessary for us to use that plan and adapt it to the site where you are going to build it, and that requires another local architect-engineer to take that standard plan and adapt it to the particular ground that you are going to build it on.

Mr. RILEY. I can readily see that, but those modifications would be more or less minor as compared with the whole structure.

General HARDIN. That is very true. We do have these standard plans.

Another point that I wanted to make clear is that in the case of the dormitories that we discussed the other day, the plan which we now have settled upon and which we are daily advertising and receiving bids on is likely to be changed by further studies that the Air Force has made in connection with this SAC-type layout. That will be a new standard plan, but it does not mean that every place in the United States we are starting from scratch on the present program.

To implement what General Myers has stated about these special buildings where there has not been a widespread application of them, we adopted the procedure of letting the area which had the first structure of that kind to develop it. For instance, one division, like the New England division, would design this particular technical building and then it would be available to all the other divisions over the United States.

We have had for some time a procedure whereby those plans are made available to our other major field units. But you have to develop it in one for the first time in order to avoid duplication.

The most frequently used structures, that I enumerated above, the six types, have been completely designed by architect-engineers in the United States and standard plans set out for adaptation.

General MYERS. That is correct, Mr. Riley. We do have standard plans; another one is the hospitals that will be developed.

General HARDIN. They are being prepared.

General MYERS. They are being prepared. But so far as the Air Force is concerned we do have a lot of other buildings that we do not have one standard plan for and we want to develop it.

In our European program we have a large program under construction in France. We hired an architect-engineer firm. We took typical plans that had been developed here in this country and sent them over there. That firm went over those plans for the structures that were to be built and he set that out both in English and in French

and in the metric system, complete sets of standard plans. That work has just been completed for the structures to be built on those bases over there. So we have standardized those under French procedure and French rules and regulations in types of material for that area.

Mr. RILEY. That is very helpful; but the impression is out that these designs are changed from time to time and that every time you change them it costs money and contractors' prices are going to be a little higher on new construction until they find by actual experience just what their costs are going to be.

General MYERS. Yes, sir; that is right. We certainly do recognize that. The example you brought up of the communications building is certainly a good one. It is a question in the formulating stage of formulating what we really want. We do not know or did not know what we wanted to begin with. Now we pretty well know and we want to standardize on that, and it would take an act of Congress, maybe, to change it.

Mr. RILEY. The committee will recess until 2 o'clock.

AFTERNOON SESSION

WALKER AIR FORCE BASE, ROSWELL, N. MEX.

Mr. RILEY. The committee will be in order. I will ask Mr. Donnelly to proceed with the next phase of the inquiry.

Mr. DONNELLY. Mr. Chairman, the next project is the Walker Air Force Base at Roswell, N. Mex. I have here a summary of the situation as given by the committee staff and I ask that it be inserted in the record at this point.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

WALKER AIR FORCE BASE, ROSWELL, N. MEX.

Authorization for funds for this work was dated February 1, 1951, in the amount of $2,604,000. Specifications and plans were submitted to a select group of contractors on the same date. On February 5, 1951, offers were opened, four offers being received. Mex-Tex Contractors, Roswell, N. Mex. had the low offer and a contract was negotiated in the amount of $1,895,247. Contract DA–29–005–end–420 was dated February 7, 1951.

The work to be performed was the construction of an aircraft storage or parking area at Walker Air Force Base. Specifications and drawings were by Wilson & Co., 219 West Gold Street, Albuquerque, N. Mex. The estimated cost, prepared by Wilson & Co. dated January 30, 1951, was $2,419,424.

According to a responsible official of the district engineer's office at Albuquerque, if the parking area had been designed in accordance with specifications for Biggs Field, El Paso, Tex., where stub parking areas are to be constructed of concrete and asphalt paving in between the stubs the construction at Walker Air Force Base could have been accomplished at an estimated cost of $841,200 resulting in a saving of $837,050. (The original contract amount was increased by change orders to $1,958,746.)

Mr. RILEY. Is the mission of the Walker Air Force Base the same as that of Biggs?

General MYERS. Yes, sir; it is at the present time. They are both heavy bomber bases.

CHANGE OF MISSION OF BASE DURING CONSTRUCTION

Mr. DONNELLY. What actually happened, as I understand it, Mr. Chairman, is that when the Walker construction operations were half done, the mission of the Walker Air Force Base was changed to that of a heavy bomber base, the same as Biggs was used for, and it was too late at that stage to make this change in the paving of the parking aprons. The heavy bombers can use the stub parking whereas the medium bombers use the continuously paved concrete apron.

General MYERS. Yes, sir; that is the case. In our 1951 second supplemental program and prior to that time, Walker was a two medium bomber wing base. It was programmed for two medium bomber wings. Of course, there are a large number of aircraft in those; there are 65 aircraft in a wing. We had programmed this mass parking for the medium bombers.

Then, in the 95-wing program which was approved around the 1st of November 1951, the mission of the base was changed to a single heavy bombardment base—a single-wing heavy bombardment base. We had designed this stub-type parking or ladder-type parking, whatever you want to call it, for the heavy bombers as compared to a mass apron. There is a saving in the amount of pavement that has to go in and a saving in the over-all price. But the work had progressed too far when the change was made to stop it.

Mr. RILEY. This is a heavy bomber base and you had to put in the stub parking areas after the rest of the work was done?

General MYERS. We would have had to substitute stub parking for the mass parking and the contract was already under way and it was about 50 percent complete.

Mr. RILEY. This is a continuous apron, then?

General MYERS. Yes, sir.

Mr. RILEY. You put in the continuous apron for the lighter bombers and if you had known that it was going to be a heavy bomber base you would have put in the stub parking.

General MYERS. That is right. The work had progressed too far when the change was made, to change it.

Mr. DONNELLY. General Myers, is it the policy of the Air Force to use the stub parking for the heavy bombers?

General MYERS. It is.

Mr. DONNELLY. I have here a list of the bases for heavy bombers. Is that classified information or may I read it off?

General MYERS. I do not think it ought to go on the record.

Mr. DONNELLY. In how many of those cases have you used stub parking?

General MYERS. Of the eight bases for heavy bombers there are three at which the parking apron is of the stub type, and that is new parking apron that has been put in. There are two that are partial; they are using the new apron that we have put in and they are using some of the old existing apron. Then there are three of the old apron type that do not have the stub parking.

Mr. RILEY. General, in connection with the Walker Air Force Base, was a light bomber base built somewhere else or was that eliminated from the program when Walker was transferred or changed over to a heavy bomber base?

General MYERS. The medium bomber units were placed somewhere else. It did not involve the elimination of any units. It was a switch in the utilization of the bases.

Mr. RILEY. What I had in mind was, could not a heavy bomber base have been located somewhere else at less cost, while you went ahead with this as a medium bomber base? $837,000 is a pretty heavy penalty to pay for somebody changing his mind.

General MYERS. I cannot answer your question directly. I do not remember now which of the bases were involved in the switch, but I can say this for the record: That the utilization of these bases was carefully considered on the basis of the facilities available and what would be the cheapest thing to do in placing the units there.

In other words, it would have been more expensive to provide a heavy bomber base somewhere else and continue Walker in use as a medium bomber base than it was to make this switch. And if you desire further information on that, I will have to get you the considerations involved to show you that what I say is true.

Mr. RILEY. I do not think that will be necessary.

General MYERS. I do have that information and can get it.

DISPARITY IN VARIOUS ESTIMATES OF COST

Mr. DONNELLY. There is one feature of this Walker situation, and that is the great disparity in what people thought this was going to cost. You start out with an authorization in the amount of $2,604,000 and we wind up building the thing with additive change orders, for $2,197,000. There is a disparity actually of 16 percent, $2.2 million against $2.5 million.

We find that the architect-engineer estimated the cost to be $2,419,000 and when the contract was negotiated, the basic contract was negotiated for $1,895,000.

It seems to point up that there is nothing firm about the advance estimates of the cost of the work. Have you any observations to make on that, General Hardin?

General HARDIN. The authorization estimate must have been predicated upon the general factor approach. That is consistent with the general procedure prepared in early 1951 in support of the supplemental estimates, when the Air Force used tabular material which they obtained from us as to how much the average cost is of this, that, and the other thing—different features of an airfield, based upon average information obtained from previous experience. I think General Myers may be in a better position to throw some light on that than I.

General MYERS. Of course, our budget estimate was based on average costs throughout the United States, the average costs that we use in preparing a budget estimate. That is part of the answer and I think also part of the answer was the change in the scope of the work. Perhaps here it was the amount of the paving, but I do not have the information on that, either. I am sure there was a change from the original budget estimate in the scope of the work to the work finally contracted for.

Mr. DONNELLY. Could we have that information for the record, Mr. Chairman?

Mr. RILEY. Yes.

Mr. DONNELLY. It would appear that Congress is given a distorted picture of the cost of these projects, from the situation as it is shown up here. Maybe there is a valid reason for it, which we do not know now.

Mr. MCCLOUD. Prices were exceptionally good on this particular job. The final cost was approximately 16 percent under the contract estimate.

NECESSITY FOR USING NATIONAL AVERAGES AS BASIS FOR COMPUTING UNIT PRICES

General HARDIN. The comment that I would like to make on these unit prices I think is pertinent to our whole consideration of the problem of preparing a budget. In the past, in this emergency, there has been no real engineering design or field recognizance upon which to base a comprehensive estimate. The need for work was the primary consideration in order to satisfy the needs of the Air Force and, in view of the fact that there was no time to go out into the field and make borings and to plan these extensions or expansions or new undertakings, the best thing that could be done under the circumstances was to use Nation-wide averages as the cost of putting up a structure, or paving a square yard of airfield, of different types, and load-varying capacities.

They were truly national averages and had been picked from previous experience and averaged out. Now, the question can be properly raised, Why did you average them out? Why did you not use a regional price?

If you use a national average, of course, there are going to be areas in which your unit prices are going to be excessive as well as regions in which they are going to be deficient. That is the reason you have an average.

We felt at that time, with the limited knowledge of work which we had under way—there had been no building for a number of years in the military program—that the best approach to the problem we could have was the national average, because regional averages are affected by many things. We have been resistant, up to the moment, to using regional averages simply because we did not have enough figures to add up in a region and get an average for that region.

Although the past budget estimates in this emergency and in the various supplementals have been based on national averages we have this year in preparation for the 1953 program, at the express request of the Appropriations Committee, done our best to develop these regional averages; and that is the way the 1953 budget will be presented.

Mr. RILEY. I think that gives Congress a much better picture for the estimated cost, setting it up by regions, because the prices do vary. I know I was quite interested when I went out to Youngstown last fall, General, and saw the construction out there. It requires a great deal more, especially with respect to the base, than it does down in my country, where the soil is coarse and sandy in a great many instances. They have to put in, of course, the crushed rock base, and a drainage to take care of the water seepage, especially in the winter.

Naturally, that runs the cost considerably higher than just going in and putting the grading out and throwing the slab down.

General HARDIN. Yes, sir.

Mr. DONNELLY. Off the record.

(Discussion off the record.)

DESCRIPTION OF CHANGES IN SCOPE OF WORK

General MYERS. Mr. Chairman, referring to your previous question, the original program at Walker here was to use this existing runway and use the pavement in that existing runway for parking. Under our scheme for mass parking of the medium bomber aircraft this existing runway, as shown in here, was to be strengthened, and then was to be widened out to this line [indicating] as shown here on each side. When the mission was changed to heavy bombardment aircraft, and a fewer number, although each of them is larger, this portion [indicating] which is shown here on each side was eliminated from the expansion of the pavement, and this [indicating], of course, was put in, these 125-foot strips here and here [indicating] under the 1951 program. But this additional strip out here [indicating] and here [indicating] all the way along was not put in. That is the change I had reference to in changing the scope of the work. We reduced the scope of the work to that extent.

The 1952 program, which you are now considering, strengthens this portion in green here [indicating] where the maintenance docks will go. There are maintenance docks to go in here [indicating] at each place where the aircraft would park, and it provides this maintenance apron.

Mr. MCCLOUD. It also strengthens the existing runway, does it not, General—the center strip?

General Myers. Yes; the center strip of the existing runway.

Mr. RILEY. Off the record.

(Discussion off the record.)

General MYERS. I do not have the figures on the square yardage at this time.

Mr. RILEY. But if this had been designated as a heavy bomber base originally you could have had your proper stub arrangements, and so saved the intermediate pavement.

General MYERS. Yes, sir. I think we very well could have. We would have come off this runway with the stubs, using the runway as the taxi strip, and putting the stubs off it.

DULUTH AIR FORCE BASE, MINN.

Mr. DONNELLY. Mr. Chairman, the next base for the committee's consideration is Duluth Air Force base. I have here a summary of the facts as found by the committee staff, and ask that this be inserted in the record at this point.

Mr. RILEY. Without objection, it will be inserted.

(The document is as follows:)

DULUTH AIR FORCE BASE, MINN.

A representative of the corps advised that the Air Force caused changes during the planning period, during the interim between the dates of advertisement and bid opening and after the construction work had started. He stated that the Air Force could not make up its mind.

In order to incorporate the changes made during the period between advertisement and bid-opining date, the corps issued three separate addenda, the last of which, issued by telegram only 4 days prior to the bid opening date, involved a major change in scope. Of 23 potential bidders who had been furnished plans, specifications, and bidding documents, only two submitted proposals. No doubt, these major changes reduced the number of bids for this work. The low bid was $1,529,843, and it did not include the additional change in scope as required by the addendum which was issued 4 days prior to bid opening. The corps then proceeded to negotiate with the low bidder for the inclusion of the additional work. It was stated that the contract was negotiated in the amount of $1,805,843 on the basis of the unit prices apparing in the contractor's bid proposal. The representative of the corps considered it fortunate that the extra work could be incorporated into the original contract and remarked: "Where we have to add it by change order they have us over the barrel."

CHANGES DURING AND AFTER PLANNING PERIOD

Mr. DONNELLY. General Myers, this summary seems to speak for itself. Is it accurate?

Mr. MCCLOUD. Yes, sir; it is. The original plan at Duluth, before a detailed survey was made, was to put a 2,300-foot extension on one end of the runway and a 1,000-foot extension on the other end. After investigating and making a detailed survey, they found that the one end of the runway had a 40-foot drop-off, requiring fill; so, it was decided to put the entire extension on one end, and save that large fill at the other end, but at the insistence of the operating command, in this case the Air Defense Command, which stated that the jets which would operate from this field had to have an over-run area at each end of the runway, and that 1 in every 10 of the aircraft would use that overrun area, in order to provide it we had to mark off 1,000 feet of the existing runway and put 1,000 feet overrun on the other end. It did result in a more expensive contract, but it was the only way it could have been done. Had we filled in the gully, I believe that the increase would have been greater.

General MYERS. That is a 1,000-foot overrun, which is not a paved overrun. They are not pavement. They are merely safety areas for an aircraft that undershoots in landing or overshoots in taking off, to keep it from cracking up completely. It is something for it to run in and bog down and stop.

This pavement here [indicating] would not have had those overruns unless they were provided, because the pavement extended right to this gully on one end. The original plan to extend it on both ends was one that was made up very hurriedly. When we got in the field investigating it, we found that was the more expensive way to do it; it would not have been the economical way to do it.

Mr. RILEY. How many bids, General Hardin, do you think would give you a fair representation of the contract? Two, three, four, or what number would you say?

General HARDIN. Mr. Chairman, we never feel that we have gotten a sufficient number of bids, a desirable number of bids, unless we get three.

Mr. RILEY. Is it not a little out of the ordinary that where 23 contractors get plans and specifications, only 2 of them submit bids?

General HARDIN. Yes, sir; it is, particularly in this area, which I know pretty well. There was not very much work in that area. I guess Mr. Davis knows that area better than I. That whole region was pretty hungry for work.

Mr. RILEY. There is a possibility, then, that, had these other contractors known that the ones submitting the bids were not going to include the new addenda in theirs, probably you would have had more bids and may have gotten a better bid.

General HARDIN. I think it is a logical conclusion.

Mr. RILEY. Any other questions?

Mr. DAVIS. This speaks for itself pretty well.

TINKER AIR FORCE BASE, OKLA.

Mr. DONNELLY. Mr. Chairman, the next base we have is Tinker Air Force Base in Oklahoma. I understand that this matter has posed a technical problem which even now has not been resolved, although work is continuing on the problem.

May this be inserted in the record at this point?

Mr. RILEY. Without objection, it will be inserted in the record.

(The document is as follows:)

TINKER AIR FORCE BASE, OKLA.

At Tinker Air Force Base, Okla., a contract was awarded May 4, 1951, for specialized fuel-storage facilities at a cost of $148,556. On July 9, when the work was 17-percent complete, this contract was terminated in accordance with instructions received from the Air Force. Payment to the contractor for work performed, cancellation charges on a tank contract, and Corps of Engineers' overhead will total about $83,500. This represents a total loss because no beneficial use can be made of the project.

TERMINATION OF CONTRACT DURING CONSTRUCTION

Mr. DONNELLY. Would you give us the explanation for this, General Myers?

General MYERS. Yes, sir. We had quite a program which was prepared by the Air Matériel Command for nonconventional or specialized fuel storage, fuming nitric acid, and oxygen—analine furfural—several of these highly volatile and nonconventional fuels, such as analine peroxide and furfural, for use as rocket fuel in assisted take-offs.

The real problems in connection with the storage of this fuel and supply of this fuel for this purpose were not fully worked out or properly evaluated at the time we started work for this specialized storage. The Air Matériel Command's further studies indicated that they did not know whether they were going to be able to store the stuff at all or not. Perhaps we would have to set up a separate generating plant at each location, where the storage was required; so, we stopped everything on it until we can get a firm program and know what we are going to provide for this rocket-assist take-off, and how it can be stored or generated and used.

Mr. DONNELLY. Had work been started at other bases, and then stopped in the same manner?

General MYERS. I think this is the only one.

Mr. MCCLOUD. The only one at which work had actually started. Some preliminary work had been done at Hill Air Force Base in Utah.

There is a fair possibility that we will not lose the $83,500 we have spent at Tinker if we find that we can get a stable material which is suitable for storage. Then we will go on with this program and

complete it. But, until we do, we thought the best thing to do was just to stop it, and the whole problem has now been turned back to AMC and they are currently working on it.

Mr. RILEY. You anticipated the question I was going to ask. I was going to ask if any of the work which had been done could possibly be used later.

Mr. MCCLOUD. It is a possibility.

Mr. RILEY. What was the problem involved? Did they not have sufficient information on the type of storage required?

General MYERS. Well, we did not have sufficient information on the type of fuel, sir, that is going to be used in this rocket-assist take-off. That is what it amounts to.

Mr. RILEY. Off the record.

(Discussion off the record.)

General MYERS. This material is used in the rockets, in the wings, to help them take off.

The type of fuel is not decided, as to the type of filling to go into those cans, which has not been fully developed and decided. They had it developed at this time, and they found out that for various reasons this was probably not the type of fuel to use.

Mr. RILEY. Are there heavy bombers at Tinker Field?

Mr. MCCLOUD. That is a depot.

General MYERS. This is for storage at the depot.

Mr. RILEY. I see.

General MYERS. This is fuel for use in all types of aircraft. It is used primarily in the smaller aircraft, the fighter bombers.

General HARDIN. Off the record.

(Discussion off the record.)

Mr. DAVIS. This is quite similar to the problem I believe you had at Wichita, where you had a technical service which required certain things, and they were to furnish you as Director of Installations with the technical requirements of the construction job to be done. In the Wichita case, of course, it resulted in great delay. In this case it is pretty much the same story—is it not?—that you were told to go ahead and do something by people who had not made a proper technical study of the problem before they gave you those instructions?

General MYERS. That is correct; yes, sir. This program for unconventional fuel storage was developed by the Air Matériel Command, who are the people who have to supply the material which goes into these rockets.

The unconventional fuels that go into them are supplied by them, and they had prepared their program based on these types of fuels, fuming nitric acid, analine peroxide and furfual, as used for rocket fuel. They had prepared a program to store it, and they prepared the plans and criteria, which were furnished to the engineers, for the storage of this fuel in accordance with the plans, to provide this type of rocket fuel, and to satisfy the requirements which were prepared.

After we got started building what they said they wanted, they said: "This fuel is not going to be it. It probably is not right. We will have to use some other type of fuel."

As General Hardin has said, the storage of it is very hazardous, and we do not know whether we are going to be able to properly store it or not, so we said:

"We had better stop until we find out what we are really going to do."

Mr. DAVIS. Was this also put in to you as very much of a hurry-up matter, that had to be done right away?

General MYERS. Yes, sir; it certainly was.

Mr. DAVIS. Do you know who the Air Matériel Command personnel were who presented it to you in that manner?

Mr. MYERS. Yes, sir. The Air Matériel Command, the commanding general, of course, presented this as a program which was required immediately. I guess this program was prepared by the production people out there, the engineering and production people in the Air Matériel Command, and it was presented to me by the air installations officer, who is responsible for the construction for the Air Matériel Command. It was presented through Colonel Griggs of the Air Matériel Command, and he is the man I had my dealings with, in giving the Air Matériel Command's requirements to Headquarters, USAF for the construction.

Mr. DAVIS. Is this fuel so comparatively new that its characteristics were largely unknown, or was there some particular incident which occurred which caused the decision to be made that we had better just stop here until we knew more about this thing? Is there no particular story of that kind?

General MYERS. I will have to get you some detailed technical information on this. The story is this: This type of fuel is not new. Those particular ingredients are not new. Methods of storing them are not particularly new. They are used in industry. It was based on that knowledge that the Air Matériel Command came in with the plans, the type of tanks and the type of storage required. The Corps of Engineers went to work on that.

The thing was that after we had started that the feasibility and the propriety of using this type of fuel in the rockets, or some other solid type of fuel, or some other more stable fuel came up, and appeared then, and I think does now appear, to be a better type of fuel than the type they were planning on then. So it is a change in the type of fuel, primarily, to be used in these rockets.

Mr. DAVIS. Off the record.

(Discussion off the record.)

General HARDIN. Mr. Riley, it is the experience of private industry, as careful as they might be, and with all the facilities that they have at their command, that occasionally they make a false start in these new and untried technological developments, and they occasionally have to wreck and demolish their installations and start over when they find they have made a mistake.

Mr. RILEY. That is quite true.

O'HARE FIELD, ILL.

CONSIDERATIONS FOR SITING AND PLANNING NOT WITHIN CONTROL OF AIR FORCE

Mr. DONNELLY. Now, Mr. Chairman, the next Air Force base is O'Hare Field. The problem as presented in this summary of the situation shows that the question of deciding the site for a field and the making of a master plan is not always within the control of the Air Force, but may as well involve other considerations.

May this be inserted in the record at this point, sir.

Mr. RILEY. Without objection it will be inserted in the record at this point.

(The document is as follows:)

DEVELOPMENT OF SITE PLAN FOR FISCAL YEAR 1951 CONSTRUCTION AT O'HARE FIELD,[1] SEPTEMBER 17, 1951

1. In preparation for the proposed fiscal year 1951 construction at O'Hare Field, discussions with the installation commander on December 28, 1950, revealed that no planning had been accomplished with respect to siting of the proposed construction. It was also determined that all of this proposed construction could not possibly be sited within the existing Government reservation.

2. In a telephone call to Eastern Air Defense Force on January 3, 1951, this office was informed that the firm of Cutting & Associates, Cleveland, Ohio, had been engaged to prepare a master plan for O'Hare Field which would indicate all the existing and required facilities. The plan was to be completed and delivered to EADF by February 12, 1951. It was anticipated that preliminary plans would be available for review on or about January 15, 1951. This office could not proceed with the design of the authorized facilities until the Cutting plan was completed and approved.

3. On February 1, 1951, a meeting was held in the office of Cutting & Associates, Cleveland, Ohio, to review the preliminary development of the master plan for O'Hare Field. An advance copy of this plan was obtained for study by this office. A study of this plan indicated that the plan was inadequate. The major objections to the plan were:

(*a*) The plan did not consider the master plan development of O'Hare Field by the city of Chicago, portions of which are under construction. The proposed expansion of the north-south runway would have disrupted the city plan drastically.

(*b*) The proposed runway extension and subsequent use of the runway for instrument landing operations would interfere with instrument flight patterns at Midway Airport, and hence was objected to sharply by the Civil Aeronautics Administration.

4. Engineering instructions for barracks and messes dated January 17, 1951, and for the runway extension dated February 15, 1951, were subsequently received. A letter order was given to the selected architect-engineer on February 13, 1951.

5. With the concurrence of the base commander, EADF and the Air Force installations representative, this office prepared a new development plan after consultation with the base commander, EADF, city of Chicago and CAA. The planning was predicated upon providing all facilities for one wing and two fighter squadrons. Upon initiation of planning and inquiry to EADF this office was informed that all of the existing facilities on the field would be utilized except the aircraft assembly building. It did not appear that Air Matériel Command would have any need for the entire installation, but should an emergency arise, the assembly building would be required. The plan as prepared by this office was approved by all echelons by March 28, 1951.

6. On April 23, 1951 the base commander informed this office that informal advice indicated that all of the assembly plant would be needed by Air Matériel Command and that all fighter intercept facilities would require new construction. This was confirmed by the commanding general, Air Defense Command, while visiting the installations on April 26, 1951. However, during the visit agreements could not be reached as to whether construction would be for one wing plus two squadrons or one wing plus one squadron.

7. During the conference above referenced with the commanding general, ADC, on April 26, 1951, it was emphasized the early completion dates were necessary, particularly for the barracks and mess halls so as to allow Air Matériel Command to occupy the existing industrial buildings now occupied by ADC personnel at the earliest possible date. To accomplish beneficial occupancy it was therefore necessary to expedite design and construction. To expedite construction it was necessary to shorten the construction period to such an exetnt that the contractor would be compelled to pay extra costs for premium overtime.

[1] Staff note: This data was supplied by the Chicago district office of the Corps of Engineers, which advised that the Air Force had delayed construction unnecessarily by failure to firm up over-all planning and by making changes after the plans had supposedly been firmed up.

The corps further stated that this situation at O'Hara Field is typical of Scott Air Force Base and Chanute Air Force Base.

8. On May 3, 1951 the Air Force representative phoned this office that the replanning for the base would be predicated upon one wing plus two fighter squadrons but that construction would be predicated upon one wing plus one squadron. A new plan was prepared in accordance with the above and approved by EADF on May 10, 1951. This plan provided for extending the northwest-southeast runway.

9. In view of the fact that construction was authorized at an installation that did not have an existing master plan, considerable delay resulted in initiation of design. Over 4 months elapsed from the initiation of preplanning by this office to development of an approved plan. Had a master plan been available, allowing a month for changes and approvals, design and subsequent construction could have been initiated 3 months earlier.

Mr. RILEY. O'Hare Field is a commercial air base?

General MYERS. Yes, sir. Is it called Chicago Municipal? I believe it is.

Mr. MCCLOUD. It is not the one which most of the civilian air lines are using.

General MYERS. It is a municipal airfield, sir.

General HARDIN. It was a wartime field with a big assembly plant.

Mr. MCCLOUD. It was built at the same time the assembly plant was built.

General HARDIN. More recently, until this Korean emergency, it was used as an air freight terminal for Chicago, and a good part of the private flying went out of it. It is well out of the outskirts of Chicago, some 20 miles out.

Mr. RILEY. Was there reasonable room for expansion there, without buying up too much expensive new land?

General MYERS. Yes, sir; I think so. That is the reason it was chosen.

It is an Air Defense Command station. It was chosen as an air-defense station for the stationing of fighter units.

The difficulty which we ran into, of course, was that this is typical of many commercial airfields, where the Air Force has tried to go in and use them, former Air Force fields which have since become commercial fields, although this is a little worse than the average case.

Another example of this right now is Wold-Chamberlain, Minneapolis, where we are having terrific difficulties. We have a conflict of interests, if it is the city which owns the field, as is usually the case, between the city and the commercial interests which are in there, which we had in this case.

In this case, also, we had the Reserve and National Guard units in there. This was further complicated by the aircraft assembly plant, the old Douglas plant, being there.

Of course, the Civil Aeronautics Administration always gets into the planned utilization of any civil field.

Mr. RILEY. Is this one of those bases where the Army and the Air Force owned the base and gave it to the municipality with a string attached, so that they could take it back?

General MYERS. Yes, sir; with a so-called recapture clause.

Mr. RILEY. That always creates complications, does it not, after they have used it awhile?

General MYERS. Yes, sir; it certainly does.

General HARDIN. At this particular field the city of Chicago had been very active prior to the Korean situation in developing it as a new international airport. That planning, of course, clashed very severely with the Air Force desires to modify the field to accommodate jet aircraft, which needed a longer runway.

General MYERS. Jet fighters.

General HARDIN. A longer runway than had been used in the previous years of operation. The direction of the runways and the area of the field to be reserved for commercial operations conflicted severely with the Air Force desire to install these protective fighter units there.

That was the prime purpose of the Air Force occupancy of the field, for the fighter units. The field had to be divided so that the rapid alert and take-off of these fighter units had to have right-of-way over the other commercial applications of this field. It meant a considerable dislocation in the city of Chicago's very broad and active planning. I happen to have been involved in it, because I was the division engineer there at the time.

Mr. RILEY. General, is it your observation that when you have a recapture clause on a field which has been very active in the commercial or air-freight business that it costs the Government about as much to go in and expand a field of that nature as it does to get a new location and build, or are there sufficient facilities there to warrant your extending the present facilities?

General MYERS. I think in a general case, in 99.9 percent of the cases, that there are facilities there which can well be used and which make it much cheaper for us to place especially a small activity on that field. For instance, your whole paving runway system and taxiway system and airfield system itself is there, although usually one runway will require extension. But you have your basic utilities there, and your basic airfield is there. In many cases buildings which can be utilized are there.

Mr. RILEY. What is going to happen now with the expansion of air freight in a big city like Chicago, when we are lulled into a sense of security again? Chicago will want to take that over and make you move somewhere else, after you have put all these additionl facilities in there; will they not?

General MYERS. They will certainly want it; yes, sir. I think so. It is just reasonable to assume so. That is true in many cases. For that reason in some cases we are welcomed in the field in the hopes that when the emergency is over the military will get out and those facilities will become available to the city or to the community.

Mr. RILEY. As soon as we get frightened again by foreign developments we will have to go into it and make still further construction and development; will we not?

General MYERS. Yes, sir.

General HARDIN. The taxpayers, though, Mr. Chairman, resent very much seeing a facility for military defense units not used in time of peace. I think it is a natural conclusion which you will have to reach, that we will always be faced with that situation, particularly with these airports and with the growing strength of aviation commercially of the civilian types. We had the same experience there at Milwaukee. You will remember the terrific "go 'round" we had there.

General MYERS. Yes, sir.

Mr. RILEY. I think that is quite true. On the other hand, if we are in the position of having to maintain interceptor groups all over our industrial areas it is my thought that they are going to be permanent for a long time to come, if we are going to stay in a state of preparedness for defense. If the commercial development is such as

to push us out, then we are going to have to build another field if we are going to maintain that defense requirement.

General MYERS. Well, sir, in some cases, of course, the cities are planning on the construction of a new airfield to serve the city, where aviation is growing. If we come in there and we need to use a considerable part of their field, they are planning a new field. The Government does have rights in these bases, which we certainly cannot overlook.

We do work very closely with the CAA and the communities in trying to work out these problems, but the problems are often conflicting. There is no question about that.

Mr. RILEY. Does not the CAA obtain a lot of money to help with the development of the commercial airfields?

General MYERS. Yes, sir.

Mr. RILEY. What are they doing with it?

General MYERS. What are they doing with it, sir?

Mr. RILEY. Yes.

General MYERS. Within their budget they are actively participating in the development of these fields, usually to 50 percent of the amount. For instance, at Hanscom, at Bedford, Mass., near Boston, with which I am very familiar, just recently that field was improved to the extent of $400,000, 50 percent by the CAA and 50 percent by the State in this case. This is State-owned. We came in and we took over that work, which had just been completed. We had to work out a very detailed agreement whereby the commercial interests were given a new location, and all the commercial interests were moved to a new area. That particular place where the CAA and the State had participated had some question as to whether the CAA could then pay that half that they had already obligated themselves to pay, since it was not going to be used for civil aviation. They finally decided they could, because the civil interests were being provided another local facility elsewhere, so they are actively participating in the development of civil airfields.

Mr. RILEY. Did the Air Force have to reimburse the CAA and the local authorities for what they had done?

General MYERS. No, sir; we did not; but we had to relocate the civil interests and give them equal facilities in another area.

(Discussion off the record.)

Mr. DONNELLY. Mr. Chairman, I have for the record the pertinent data with respect to the contracts for new construction at O'Hare. We have the first contract for construction—dormitories, mess, and administration building. The amount of that contract was $2,282,250. An additive change order was added on later, in the amount of $205,196, totaling on this first contract $2½ million. The contract was negotiated. Nine contractors submitted proposals. The contract was awarded 7 days before the plans and specifications were completed. In other words, the contract was awarded June 2, 1951, and the plans and specifications were not fully completed until June 9, 1951. That contract required a completion in 376 days with a penalty by way of liquidated damages of $2,000 for each day of beneficial occupancy and $200 per day for each day of final completion.

The second contract was for the construction of additional airfield and roadway pavements. The contractors were allowed 7

days to submit proposals. That was also true on the first contract. Four contractors submitted proposals, and the award was made on August 11, 1951, in the amount of $1,658,000. The contractor was allowed 127 days for partial completion and 310 days for final completion. The liquidated damages penalty on the partial completion was $200 a day and on the final completion $100 a day.

Suffolk County Air Force Base, Long Island, N. Y.

OVERDESIGN OF BUILDINGS

Mr. Donnelly. Now, Mr. Chairman, passing to the next project, and I might say parenthetically that we are down almost to the bottom of the Air Force projects, we have a small situation involving Suffolk County Air Force Base, Westhampton, Long Island, N. Y.

May this be inserted in the record, Mr. Chairman?

Mr. Riley. Without objection we will insert it in the record.

(The matter referred to is as follows:)

Suffolk County Air Force Base, Westhampton, Long Island, N. Y.

Another example of structural overdesign is the mess under construction at the Suffolk County Air Force Base at Westhampton, Long Island, N. Y. This one-story building has cast iron columns of the Lally type supporting steel T-beams in both directions at the first floor and roof level. The roof is designed for a live (snow) load of 40 pounds per square foot instead of 30 pounds which would have been adequate in this area.

This building was designed in the late spring of 1951 when structural steel was denied to most civilian builders. The use of steel in a simple one-story building is an indication of indifference or carelessness; not only is a critical material being used where ordinary wood construction would suffice but the cost is increased unnecessarily. Discussion of the matter with the engineering staff brought out the comment, "The use of steel was an oversight, as well as the failure to design for a lighter roof loading."

Plans for a one-story bachelor officers quarters of wood construction to be built at the Suffolk Air Force Base also show overdesign. This building was originally designed by a New England architect and the plans, furnished by the Boston office of the corps, were revised by the architects for the Suffolk project and checked in the New York office. The costly and wasteful use of heavy structural timbers was overlooked. Although this is a one-story structure, sills are 8 by 12 inches, interior columns are 6 by 8 inches, and roof girders are 8 x 12 inches. Bids were taken for this building but it was not placed under contract because of a shortage of funds. The corps advised that the framing for this building will be redesigned if funds are made available for its construction.

Mr. Donnelly. Our understanding is that the first building involving the use of steel was actually built, whereas the second building, a BOQ, was not built.

Mr. McCloud. That is right.

Mr. Kurtz. That is correct; the BOQ was not built.

Mr. Donnelly. Now, General Hardin, do you have an explanation, sir?

General Hardin. Mr. Donnelly's statement that the BOQ was not built is also in accordance with my understanding, and the mess and administration building was built.

Inquiry into that situation indicates that here was an instance where another division had prepared the design of a facility, this administration and mess building being a rather special building.

At that time the New England division had prepared a typical design which was being applied at another place to avoid duplication

of design, and a review of the situation between the required snow load of 30 pounds in the area where construction was put up as against a 40 pounds per square foot roof load in the area of design, indicated that there was a minor saving to be had and that it was less than the cost of redesign. The saving would have been in the nature of 2 tons of structural steel that could have been avoided by a redesign effort, and that at about $290 a ton would have saved $580.

Although the district had not developed that detail up there they actually had erected the station on that basis and decided not to enter into the cost of design modification.

I also would like to point out that at the time this building was designed there was no restriction on conservation of steel such as there was at the time the structure was put under construction. We began just about this time to run into conservation of critical materials in a very unforeseen fashion, but here in the months of the early spring of 1951 that was just taking place.

Mr. RILEY. Would it have been feasible to have had a reinforced concrete support there instead of cast iron columns?

General HARDIN. Well, it would have been feasible, Mr. Chairman, but I think it would have reduced the space considerably to have put in concrete columns in a structure of this nature. It probably would not have been in keeping with standard construction to put concrete columns in a building of this nature.

Mr. RILEY. You would have saved some steel.

General HARDIN. There comes a point, though, where you are almost at a balance between the steel in light structural steel in a thing of this kind, and the reinforcing steel which has to go into an overdesigned reinforced concrete structure. I say "overdesigned reinforced concrete structure" because you really do not get into an economical reinforced concrete structure until you get into a multi-storied proposition.

Mr. DONNELLY. General, did you not want to give an explanation with respect to the overdesign of the BOQ?

General HARDIN. I do not have an explanation for that, except I guess we were fortunate that we did not build it in this place.

Mr. DONNELLY. Now, to show the committee that the Air Force and the Corps of Engineers were aware in 1951 of the need for conservation in building materials, and economy in design, the Air Force on June 1, 1951, compiled a document called, Outline Specifications for Standard Air Force Buildings, and they tabulated in this compilation the type of austerity in construction materials that was desirable and should be used.

Upon discussion of this document throughout the Corps of Engineers and the Air Force, the Corps of Engineers, having jurisdiction over Suffolk Air Force Base and the program there, did review its plans and specifications for that project against the austerity criteria set up, and since plans had been developed so far along it was concluded by both the district and assistant division engineer that it would not be feasible to make the changes required by austerity in the other buildings that were contemplated there. I cite this as an illustration to show that the Air Force was aware of the problem and did something about it, and the Corps of Engineers followed through.

General HARDIN. Yes, sir.

Outline Specifications for Standard Air Force Buildings

Mr. Donnelly. Now, for the information of the committee, the Air Force gave further attention to the matter of the need of austerity in construction, and as of December 1, 1951, they issued a superseding set of outline specifications for standard Air Force buildings, and have furnished copies thereof for the committee's benefit.

Now, with respect to the Navy, the Navy, at the committee's request, got out such a compilation, and it was printed in the appendix of the Navy hearings.

I wanted to ask you, Mr. Chairman, if you think it would be desirable to print these specifications in the appendix of the Air Force hearings to make the record complete?

General Myers. I might say that along with this review of our standard plans and definitives we are revising those specifications in some minor details. We are perfecting those now in some minor details.

Mr. Riley. I will ask that this be included in the appendix of the record.

(The matter is printed in the appendix at p. 416.)

General Hardin. Off the record.

(Discussion off the record.)

Policies on New Construction or Rehabilitation of Old Construction

Mr. Donnelly. Mr. Chairman, on the question of whether the Air Force is going to build new construction or rehabilitate old construction we have two statements of policy, one under date of February 5, 1951, by General Vandenberg, and a later one in the same month dated February 21, 1951, by General Twining.

I wonder if these might be inserted in the record at this point?

Mr. Riley. Yes; without objection these may be inserted in the record.

(The matter referred to is as follows:)

Department of the Air Force,
Washington, February 5, 1951.

From: AF Installations Representatives Office, NAD.
Air Force Letter No. 85–1.

Installations—General

maintenance and repair of facilities

(Effective until August 5, 1952, unless sooner rescinded or superseded)

1. Purpose.—This letter establishes the policies incident to the accomplishment of maintenance and repair work at Air Force installations from appropriated funds.

2. General.—Present world conditions, the current scarcity of certain critical materials, and the urgent need for the reactivation of Air Force bases makes it imperative that the greatest economy possible be exercised in maintenance and repair work to be accomplished at Air Force installations, thereby directing all possible funds and effort toward expansion of the Air Force.

3. Criteria.—(*a*) Maintenance funds and personnel will be utilized in the economical maintenance of existing facilities. Preventive maintenance operations will be given top priority, and all minor maintenance work will be accomplished at such a time and in a manner to preclude the necessity for major repair projects.

(*b*) Projects which contribute merely to beauty, convenience, comfort, or prestige, such as unnecessary remodeling and redecorating of structures, land-

scaping, the construction of facilities not needed for the operation of the base, and so forth, will not be accomplished. Hereafter, no improvement, alteration, extension, addition, or other work will be accomplished on real property, installed equipment, or other facilities which are owned, sponsored, or controlled by the Air Force or operated on Air Force installations unless the project:

(1) Is vital to the successful accomplishment of the mission of the base.

(2) Is essential in order to make services, supplies, equipment, transportation, or training facilities available to Air Force personnel.

(3) Has been reduced to bare necessities.

(4) Is required to prevent a breakdown of functions.

4. RESPONSIBILITY.—Major air commands are responsible for periodically surveying activities under their jurisdiction to assure that all elements are conforming rigorously to the spirit and intent of this letter.

BY ORDER OF THE SECRETARY OF THE AIR FORCE:

Official:
K. E. THIEBAUD
Colonel, USAF
Acting Air Adjutant General

HOYT S. VANDENBERG,
Chief of Staff, United States Air Force.

Distribution: E; F.
CC: Mr. Gwathmey, SF Dist.
Maj. Holloway, Ln O, LA Dist.
Mr. McGee, Sacto Dist.
Mr. Holmes, SPDE.

The following unclassified message from General Twining, Vice Chief of Staff, is quoted for the information and necessary action of all Air Force Representatives:

AFMAI No. 41236, *February 21, 1951.*

Personal from Twining
To: CGAIR DEFCOM ENT AFB Col.
CGAMC, Wright-Patterson AFB, Dayton, Ohio.
CGAPG, Eglin AFB, Fla.
CGARDC, Wright-Patterson AFB, Dayton, Ohio.
CGATRC, Scott AFB, Ill.
CGAIRU, Maxwell AFB, Ala.
CGCONAC, Mitchell AFB, N. Y.
CGHQCOMUSAF, Bolling AFB, Washington, D. C.
CGSAC, Offutt AFB, Omaha, Nebr.
CGTAC, Langley AFB, Va.
COMMATS, Andrews AFB, Camp Springs, Md.
CGALAIRCOM, Ft. Richardson, Alaska.
CINCUSAFE, Wiesdaben, Germany.
CGFEAF, Tokyo, Japan.
CGNEACOM, Pepperrell AFB, Newfoundland.
CGLRPGDIV, Cocoa, Fla.
CGAEDD, Tullahoma, Tenn.
CGUSAFSECSVC, Brooks AFB, Tex.

In the submission of rqmts for new constr on AF bases to meet current augmentation, a number of cases have arisen where a facility has been programmed for constr, when a like usable facility is available on the base.

It is imperative that all commanders insure that any existing usable facility which will serve the purpose on an austerity basis be used. Replacement of existing facilities will be limited to those facilities whose retention would result in hazardous operation, unhealthy living or working conditions, or excessive maintenance cost which is considered as 15 percent of replacement cost per year.

It is desired that instructions be issued to all commanding officers to carefully screen all approved new constr scheduled for their base versus existing facilities to insure that no usable facility is being replaced by new constr, which new constr may have been included in our programs due to lack of adequate time to screen and submit rqmts.

Every effort must be exerted to conserve construction man hours, materials, and transportation. You are directed to insure that all construction and rehabilitation be on a strict austerity and functional basis to meet the mission. No frills, adornment, decorative refinements, elaborate recreational facilities or other nonessentials are to be allowed. The Inspector General of the Air Force has been directed to give special attention to these matters.

Edwards Air Force Base, Muroc Lake, Calif.

EFFECT OF AUSTERITY SPECIFICATIONS AND CONSTRUCTION PRACTICES

Mr. Donnelly. Mr. Chairman, the last Air Force project for which we have prepared material for these hearings is Edwards Air Force Base at Muroc Lake, Calif., and our purpose in doing that is to illustrate the effect of the austerity specifications and construction practices.

I have here pictures of two of the buildings at this Air Force base, and I understand that both of them indicate the type of design which you would expect in relative peacetime, with not as much emphasis on economy as is necessary now, is that right, General Myers?

General Myers. One of them is a crash station.

Mr. McCloud. What is the other one?

Mr. Donnelly. It is an administration building, as I understand.

General Hardin. I believe it is shown on the back of the picture.

Mr. Donnelly. Administration building, Rocket Static Test Station, Edwards Air Force Base.

Mr. McCloud. Both of those were started in 1949 and 1950.

General Myers. That is correct. Those were buildings that were built prior to our austerity program, and prior to the time we had a war policy on the type of construction.

Mr. Donnelly. We have prepared for the benefit of the committee a breakdown of the cost, and the first cost figure we have is the actual cost figure, then we have the austerity plans and specifications and the cost for them for the same time, namely, 1949, and we have a saving out of $209,000 of $59,000, so that we feel that austerity would have saved $59,000 on these two buildings, and I have a statement here reflecting that view. May this be inserted in the record at this point, Mr. Chairman?

Mr. Riley. Without objection it may be included.

(The matter referred to is as follows:)

Edwards Air Force Base—Rocket Static Test Facilities

This project was authorized by directive dated October 7, 1947; $2,515,000 was authorized from fiscal year 1948 funds. The directive specified that design requirements and criteria be secured from the Air Matériel Command. On site inspection it was found that only two buildings had been completed, the administration building and the fire station; both were elaborately designed far in excess of what is needed at a test station in the middle of the desert. E. Wayne Watkins, architect-engineer, of the district office also is of the opinion that the structures are too elaborate but no action could be taken because the directive specified that USAF (AMC) criteria be followed.

Costs seem to have been disregarded completely in the design of these buildings. The administration building is largely of reinforced concrete and has poured concrete walls, roof and interior partitions. Two ornamental concrete pylons flank the main entrance which has a double vestibule formed by three pairs of three-fourths inch plate glass doors surrounded by corrugated glass panels set in aluminum frames. All other exterior doors are metal clad. Space heating is by hot water coils in the walls and floor controlled by individual thermostats in each room. Hot water is supplied from an electric boiler. The fire station is equally elaborate.

That part of this project not under contract at the time of the House appropriations staff's visit is to be designed in accordance with Air Force specification dated June 1, 1951, which prescribes a much less costly type of construction. The following tabulation shows the difference between the cost of the administration building and fire station as actually constructed and the cost (as estimated by the Corps of Engineers) if built according to the criteria adopted June 1, 1951.

	Area (square feet)	As built	Total cost	Estimate based on current criteria [1]	Difference in unit price	Difference in total cost
Administration building	7,104	$15.00	$106,560	$10.40	$4.60	$32,678
Fire station	6,595	15.60	102,882	11.50	4.10	27,039
Total			209,442			59,717

[1] AF criteria issued June 1, 1951. Estimate is based on a price to correspond with contractor's bid price.

The fact that $59,717 could have been saved on construction costing $209,442 by a less extravagant design for these two buildings is indicative of the extent to which costs are thus increased.

The USAF contracted with Aerojet Engineering Corp., Azusa, Calif., to prepare design requirements and criteria under contract W33-038-AC-16551. The two buildings in question were covered by contract DA-04-353-ENG-182 dated February 7, 1950, to J. Walter Johnson, Hollywood, Calif., in the amount of $197,031. Subsequent change orders increased the project to $209,630. Although the work was completed December 22, 1950, no use has been made of either structure as of August 8, 1951.

General MYERS. May I make an observation on that, which is that those are reinforced concrete buildings. That type of construction is certainly more expensive than our present type, but the design was completed and the contract was awarded for those buildings in the latter part of 1949 and early in 1950. The design was completed in December 1949, and the contract was let early in February 1950, which was a period near a low point in construction costs, and from that point on construction costs rose very sharply. The cost index of Smith, Hinchman & Grylls, who are architect-engineers, and generally recognized as an index of costs, shows that the cost index at that time, the last part of 1949 and the early part of 1950 was about 210 and rose rapidly at the end of 1950 up to 245. At the present time the index is around 262.

Mr. DONNELLY. General, Mr. McCloud and I have had some conversations about the accuracy of the comparative figures shown here. These comparative figures were worked up by the Corps of Engineers to reflect the price of 1950, so that we have a true comparison.

General MYERS. Yes. I would say offhand that this is a good one.

Mr. RILEY. Is this base in use now?

General MYERS. The base itself is in use. This rocket static test facility is not in use. I think the first rockets are going to be fired this summer, are they not?

Mr. MCCLOUD. Yes, around the 1st of July. This is the static test stand, and they do not actually shoot rockets from that.

General MYERS. Yes, that is right.

Mr. MCCLOUD. The fire station itself is not merely a fire station. It has to be used whenever they have a rocket on the test stand. They have to flood an area with tremendous quantities of water as the rocket is expending itself in the stand. It is more than a fire station. It is used every time a missile is tested.

Mr. RILEY. A different type of missile is being tested here than the ones being tested at Banana River?

Mr. MCCLOUD. They are flight tests there, and these are static tests at Muroc Lake.

Mr. DONNELLY. Now, Mr. Chairman, that winds up the Air Force hearings, with the exception of requests made during the course of the hearings with reference to specific projects, and I think I have all of that information here. I think we could probably dispose of the rest of this in 10 minutes or so.

SHEPPARD AIR FORCE BASE

POSSIBILITY OF REFUND BECAUSE OF EXTENSION OF CONSTRUCTION TIME

Now, with respect to the hospital at Sheppard Air Force Base, where the contractor bid on the basis of a 48-hour week, and then actually worked 40 hours a week, we asked the question as to whether or not the Government should not have gotten a refund on that contract price because the contractor did not have to pay overtime for the 48 hours a week.

General Hardin, would you endeavor to explain that one?

General HARDIN. Mr. Chairman, I had the matter referred to the Tulsa district in an endeavor to get a full reply on this subject, as to whether or not we could recover from the contractor on the Sheppard Air Force Base Hospital contract due to the things which I think you are familiar with, inability to proceed with the work at the rate which was originally contemplated, and contact was made with Mr. E. A. Cornell, chief of the construction division of the Tulsa district who actually negotiated this contract.

He states that:

2. On May 31, 1951, a letter order was issued to J. L. Hair & Sons Construction Co. for the above-referenced work. The definitive contract was executed on or about June 27, 1951, establishing the completion date as November 1, 1951. The work contemplated the rehabilitation of 93 buildings in 20 weeks. To complete the work on schedule an average of 4.65 buildings per week were to have been turned over to the contractor. The Government estimate of cost for the work, which was used as a basis for negotiating the definitive contract, was based on working labor 6 days a week, 8 hours a day. It was pointed out and emphasized that this workweek was not an expedited schedule, was not intended as premium overtime, but was the normal workweek for that area. The Government estimate was established on a 6-day week because such was necessary to obtain sufficient labor to do the job in a highly competitive labor market. Contractors were finding it difficult to obtain labor unless such labor was promised 6 days work per week. The completion date established in the contract was considered reasonable.

3. The actual record of the job is that the buildings to be rehabilitated were released by the using service (Air Force) at an average rate of only 3.25 buildings per week rather than the scheduled number of 4.65 per week. This increased the time required to do these buildings from 20 to 29 weeks. Failure to turn over two additional mess halls in proper time extended the time another 6 weeks. Due to this action of the using service the contractor was required to stay on the job for a period of approximately 35 weeks instead of the scheduled 20. It was further pointed out that the contractor actually completed all of his exterior work on the 93 buildings by September 21, 1951, which was well ahead of schedule. In doing this the roofing, painting, and exterior siding crews worked on a 6-day basis. However, beginning with the month of September, the contractor had to lay off men since the using service did not release enough buildings to keep his organization going on the interior work.

4. Mr. Cornell stated that he was the negotiator of this contract for the Government; that at no time did he indicate to the contractor that the contract price was based upon an expedited schedule; and that a 48-hour week was a normal workweek in that area. He is unable to state where the committee counsel obtained the idea that the contract was on an expedited schedule for which the Government was paying a premium. The only consideration that the contractor received for the disruption of his schedule was an extension of contract time to

cover delays occasioned by acts of the Government. The work as actually produced caused increased costs to the contractor in reduced efficiency and a longer period for overhead which more than offset any savings he might have effected by being able to work on some items only 5 days a week.

This matter has been reviewed by our Legal Division in the Office of the Chief of Engineers and they have come to the conclusion that their previous attitude, that there is no basis upon which to proceed against the contractor for any revision of contract price still stands.

Mr. RILEY. Is the committee to understand from that that time and a half was not paid for the 8 hours in excess of 40 hours?

General HARDIN. I think only on a portion of the labor, because this memorandum did indicate that he did use the 48-hour week in completing a large portion of the contract. To refer back again to this conversation with the Tulsa district:

It was further pointed out that the contractor actually completed all of his exterior work on the 93 buildings by September 21, 1951, which was well ahead of schedule. In doing this the roofing, painting, and exterior siding crews worked on a 6-day basis.

Mr. RILEY. I believe the point that was raised was that on a construction project that was not critical they paid time and a half for that extra 8 hours.

General HARDIN. That is habitual. A 40-hour week is the normal base and then, if it is the practice of labor to be employed in that area for more than 40 hours a week, then you get into the time and a half and even double time in some trades, depending upon the working agreements which the trades have reached by collective bargaining with the construction industry in that area. Some trades are entitled to time and a half for anything over 40 hours and some of them double time. But there are very few areas that are not working, in my experience, on something other than a minimum of 40 hours.

Mr. RILEY. I think the general policy is to pay time and a half on Saturday and double time on Sundays and holidays; is not that your understanding, Mr. Davis?

Mr. DAVIS. I do not know if there is any general policy on it.

General HARDIN. That may be the more general policy than any other; yes, sir. But even so, there are exceptions to that and many exceptions, because right from the outset you will find that for any time over 40 hours a week in the plumbing trades, I believe, they get double time.

Mr. DONNELLY. With respect to the haste in contracting and construction, Mr. Chairman, I ask that this memorandum be inserted in the record.

Mr. RILEY. Without objection.

(The memorandum is as follows:)

SHEPPARD AIR FORCE BASE—REHABILITATION OF HOSPITAL—STAFF NOTES

Col. E. H. Herb, district engineer of the Tulsa district of the Corps of Engineers, in his memorandum of "Justification of Method of Contract and Selection of Contractor for the Rehabilitation of the Hospital at the Sheppard Air Force Base," which is dated June 1, 1951, had the following to say about the urgency of this project:

"2. Since the work involved is rehabilitation and modification of existing hospital facilities at Sheppard Air Force Base, for which it is not practicable to prepare complete contract plans and specifications in order to formally advertise the work and since the commanding general, Sheppard Air Force Base, informed this office that it was imperative that existing hospital facilities be rehabilitated

at the earliest possible date, it was deemed necessary to issue a letter order, in anticipation of a negotiated lump-sum contract for rehabilitation and modification of the existing hospital facilities."

Mr. DONNELLY. When we first went into this, the information we had was that the contract was hurriedly let by means of a letter order after negotiation with only one contractor; and that that was to insure the obligation of funds before the end of the fiscal year.

Then we have a notice that the Air Force advised the Corps of Engineers that it was imperative that the hospital facilities be rehabilitated at the earliest possible date. The staff found the work proceeding at a leisurely pace when the project was visited August 21, 1951.

As I understand from what you just read, the Air Force was not releasing the buildings to the contractor to do his work in accordance with the schedule set up at the time the contract was made.

General HARDIN. I think that is true. They found it impractical, for some reason or other, to meet that initial schedule.

Mr. DONNELLY. So that even though he did not work 48 hours a week, his contract performance time was stretched out by reason of the failure to release the buildings to him as planned, so that he could do his work. So that actually he was required to mobilize and be on the job and perform for a longer period of time than originally contemplated?

General HARDIN. That is right.

Mr. DONNELLY. And the one would tend to counterbalance the other?

General HARDIN. Yes, sir.

Mr. DONNELLY. Does that seem to be a fair statement of it?

General HARDIN. That is a very fair statement.

FURTHER DATA ON REHABILITATION OF HOSPITAL

Mr. DONNELLY. The chairman asked the Air Force to supply further information with respect to the Sheppard Air Force Base Hospital and the Air Force has supplied these data. May this be inserted in the record at this point, Mr. Chairman?

Mr. RILEY. Without objection, it may be put in the record at this point.

(The matter referred to is as follows:)

FURTHER DATA SUPPLIED BY AIR FORCE ON SHEPPARD AIR FORCE BASE HOSPITAL

The reason for not starting the work of rehabilitation of this hospital until May 31, 1951, is that funds for this purpose were not available until the enactment of the Fourth Supplemental Appropriation Act on May 31, 1951. The contract for the rehabilitation work was awarded the same day. The funds used were maintenance and operation funds. The regular fiscal year 1951 Appropriation Act carried maintenance and operation funds, justified on a peacetime basis, and these funds were inadequate for a major rehabilitation job, such as required for the Sheppard hospital, amounting to $700,000. The money appropriated in the Second Supplemental Appropriation Act enacted January 6, 1951, was for new construction.

The capacity of the hospital before rehabilitation was 600 beds and through rehabilitation was increased to 950 beds (of which 900 are authorized for use, 50 beds being in reserve). There were 527 bed patients on March 26, 1952, and 512 bed patients on April 2, 1952, on both of which dates the authorized number of beds was 900. The rehabilitation work included work on both the existing beds and the additional 350 beds.

The population of Sheppard Air Force Base is shown as follows:

December 1, 1951: 28,267 airmen, 673 officers.
March 1, 1952: 27,799 airmen, 609 officers.

Camp Parks Air Force Base

CLAIMS BASED ON FAILURE OF CORPS OF ENGINEERS TO SUPPLY SHOP DRAWINGS

Mr. Donnelly. General Hardin, when we were considering the Camp Parks Air Force Base, you rather surprised me with an answer you made to a question asked by Mr. Davis. I have quoted from the record that colloquy, to set the stage for further discussion of this matter. May this be inserted in the record at this point, Mr. Chairman?

Mr. Riley. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

Colloquy in the Current Hearings With Respect to Camp Parks Air Force Base

Mr. Davis. The investigators indicated that in their opinion letters were being written by the contractor as the basis for claims based on the failure of the Corps of Engineers to supply shop drawings. There may have been other reasons, but at least it looked like a build up for claims based on extension of time and extra costs. Have those claims materialized as of this time; any of them?

General Hardin. Not to my knowledge; no, sir.

Mr. Donnelly. General, would that still be your testimony, or would you rather that I developed that a little bit?

General Hardin. At the time that I answered that question, I had no knowledge of any claims that were then pending nor do I have now, although Mr. Kurtz says that in answer to your request for some additional information, he had furnished you some data about those claims. But I do not have personal knowledge of it.

Mr. Donnelly. Mr. Kurtz at my request furnished photostatic copies of the letters written by the contractors. Can we agree among us that they do make claims, do represent a build-up for claims based on extra time and extra cost?

Mr. Kurtz. I think we can agree that they represent an attempt on the part of the contractor to build up claims. I do not agree that they resulted in payment of those. If you will examine the change orders, and the correspondence, you will find a great many instances where they were disposed of without any claim or build-up for additional cost.

Mr. Donnelly. At least they do represent an attempt on the part of the contractor to lay the ground work for claims?

Mr. Kurtz. That is correct.

Mr. Donnelly. And since Mr. Davis' question does make reference to shop drawings, may I say that I have in my hand a letter of one of the contractors specifically on that subject. He writes it to the resident engineer and he says:

Please be advised that we are being and have been delayed in the progress of the work by reason of nonreceipt of approval of shop drawings.

At present, our subcontractors and ourselves have sent considerable data through your office and, to date, have not received any approved shop details.

This has caused a delay in the manufacture and/or procurement of materials and equipment. The full extent of this delay is not known at present. As soon as the full extent is known, however, we will make claim for extension of time covering same and for any additional costs which may arise therefrom.

96640—52—pt. 2——25

That is specifically on the shop drawings aspect.

I do not see any useful purpose to be served in putting all of those in the record in view of our understanding here now.

STATUS OF CONTRACTORS, CHRONOLOGY OF CONSTRUCTION, AND TABULATION ON CHANGE ORDERS

Further on Camp Parks, I have a statement of the status of the contractors who were involved, as requested by Mr. Furcolo, and data with respect to the chronology of construction; and also a tabulation of all of the change orders, some of which grant extra money in the substantial amount of $1,172,000, and some of them grant time extensions, notably change order No. 11, for 30 days, and change order No. 13 for 46 days.

May this be inserted in the record, Mr. Chairman, at this point?

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

FURNISHED BY THE CORPS OF ENGINEERS ON APRIL 15, 1952—CAMP PARKS, SPD, SAN FRANCISCO DISTRICT, FISCAL YEAR 1951

1. The master plan for Camp Parks was prepared under the supervision of the district engineer, San Francisco, Calif., by the AE firms of Headman, Ferguson and Carollo and Frederic W. Whittlesey (joint venture), Embryville, Calif. The contract for the master plan was awarded by the San Francisco district engineer to the above AE firms on June 2, 1951. (Master planning authorized by HQ ATC letter April 19, 1951, letter of award to AE on May 7, 1951, work initiated May 18.)

2. Under date of April 10, 1951, OCE notified the division engineer, South Pacific division that Camp Parks (formerly Camp Shoemaker) would be utilized in lieu of Camp Kohler. This information was received by the district engineer, San Francisco on April 16, 1951. (USAF directive to OCE received April 6, 1951, and OCE directive transmitted to SPD, April 26, 1951).

3. A total of 13 contractors were invited to submit proposals for the negotiated contract for 181 barracks and 10 mess and administration buildings, site preparation and rehabilitation and extension of utilities. The contractors combined in 3 groups as joint ventures, as follows:

	Largest dollar value of individual projects previously accomplished by each contractor
GROUP I	
Joint venture:	
Barrett and Hilp	$28,000,000
Theo. G. Meyer & Sons	5,000,000
Macco Corp	6,855,000
Chas. L. Harney	1,750,000
GROUP II	
Joint venture:	
Swinnerton & Walberg	50,000,000
Engineers Limited Pipeline Co	Not available
Cahill Construction Co	3,750,000
Williams and Burrows	2,864,000
Dinwiddie Construction Co	8,746,000
Carl N. Swenson Co	3,000,000
GROUP III	
Joint venture:	
Stolte, Inc	12,590,163
Morrison-Knudsen	100,000,000
Fred J. Early, Jr., Co	8,000,000

NOTE.—Contract DA-04-203-ENG-1482 was awarded to group I in an amount of $21,757,904.85 on May 21, 1951.

4. There were no inquiries from other than the above listed contractors asking for permission to be considered for this work.

5. The amount of the original contract, change orders, supplemental agreements and adjustments of quantities for unit price items are as follows:

Basic contract 1482 amount	$21, 757, 904. 85
Change orders	[1] 1, 172, 449. 29
Supplemental agreement	[1] 3, 778, 095. 53
Adjustment of quantities	393, 586. 00
Total	27, 102, 035. 67

[1] See enclosure 1.

6. The district engineer, San Francisco is not cognizant of any statements by any of the contractors that they were delayed due to lack of shop drawings, nor is he cognizant of any shop drawings which were lacking during the construction period. However, with reference to delays encountered beyond the contractor's control, the following factor did occasion delays: The layout plans for the buildings and utilities were made available to the contractor as rapidly as they could be developed and completed for each area; but due to continued changes this required a period of time extending from June 10 to October 29, 1951.

7. The original beneficial occupancy date by groups of buildings and the actual completion date is as follows: Beneficial occupancy scheduled on an accumulative basis.

(Contract was negotiated on a workweek of five 9-hour days and one 8-hour day. BO dates as scheduled under basic contract were not changed. No additional expenditures were incurred for expediting).

	Scheduled BO	Actual BO
25 barracks and 1 mess by	Sept. 1, 1951	Sept. 1, 1951
75 barracks and 3 messes by	Oct. 1, 1951	Oct. 1, 1951
115 barracks and 6 messes by	Oct. 15, 1951	Oct. 15, 1951
181 barracks and 10 messes by	Nov. 1, 1951	Nov. 1, 1951

The above work was actually completed December 15, 1951. All work under the supplemental agreement was completed on or before February 29.

8. The actual physical construction status at Camp Parks is as follows: Complete except for paving work delayed by weather and rehabilitation of Well Field No. 2 which has been inundated most of the winter. Paving is estimated to be complete April 25, 1952. A study is now being made as to whether or not it will be necessary to make an extensive change in Well Field No. 2 in order that the pumps and allied utilities will not be damaged by floods during the winter season, and if it is determined that this is necessary the rehabilitation of the well field under this contract will be deleted by change order.

9. No physical construction was done at Camp Kohler which was the first camp considered prior to decision to use Camp Parks. Total expenditure at Camp Kohler was $75,132. This expense covered closing out A–E and cost of Government surveys. Land for Camp Parks is in process of transfer from the Navy. No land has been purchased.

Camp Parks contract No. 1482—Change orders

No.	Date	Description	Cost	Time extension
1	Sept. 21, 1951[1]	Base Communications Bldg.; Academic Bldgs. Nos. 340 and 1020; 14 Squadron Administration Bldgs.; 2 BOQ's; gas station; clothing and equipment repair shop; Air Base Hq.; AIO Administration Bldg.; Training Group Hq.; Drivers Bldg.; Processing Bldg. Nos. 1 and 2; Human Resource and Research Center; AIO Shop Bldg.; cold storage warehouse (rehabilitate); Gate House Bldg.; Field Maintenance Bldg.; rebuild warehouse B–1; rehabilitate Bldgs. 132, 150, 151, and 200; rehabilitate fuel oil storage tank; rehabilitate rifle range and appurtenant facilities; rehabilitate utilities.	$3,778,095.53	46 days.
2	Oct. 6, 1951	Furnish kitchen equipment for mess halls previously to have been Government-furnished.	192,006.20	None.
3	do	Construction of 2 new structures for temporary warehouse facilities and dismantling same. Removal of contractor use of 2 existing buildings required by Air Force.	141,880.00	None.
4	do	Provide additional fireproofing of squad-type barracks, dorms, and mess halls (¾-inch board on interior of exterior walls, required by Air Force).	191,692.17	None.
5	Nov. 15, 1951	Changes to contract drawings and specifications to meet field conditions. Relocate underground facilities, rehabilitate railway, and lower utilities (20 items).	190,020.63	None.
6	do	Remove and replace 18-inch-diameter water line to site (requirement not known at time of original contract). Change and revise utilities for messes and barracks.	83,259.00	None.
7	do	Further modification in fire system and sewage plant. Replace inlet pipes of sewage plant.	62,377.24	None.
8	do	Install automatic fire reporting system in 58 dorms and 2 BOQ's. Fire extinguishers for 58 barracks and 9 mess halls.	239,858.25	None.
9	Nov. 26, 1951	Deleted installation of one 100,000-gallon water storage tank and modify pumping station. Delete installation and rehabilitation of deep well pump and construct pump house and rehabilitate walls in field No. 2 with installation of talemeter system in reservoir.	[2]—78,160.38	None.
10	Nov. 27, 1951	Resurface existing parade ground. Changes in road surfacing and concrete curbs.	104,616.00	None.
11	Dec. 11, 1951	Modify power transmission line within area, types and ratings of transformers. Remove Kormandorski fire alarm circuit and reconnect with Navy facilities. Modify barracks to 2 Baud Bldgs. and 1 IBM Bldg.	22,091.65	30 days.
12	Jan. 11, 1952	Replace existing concrete walks. Furnish 2 drainage facilities and clothes hangars in 120 squad barracks.	22,808.53	None.
13	Feb. 15, 1952	Delay of roadwork and rehabilitation of well field No. 2 due to severe winter storms and sustained inclement weather.	0	46 days.
		Total (except for No. 1, supplemental agreement)	1,172,449.29	

[1] This work was initiated under letter order dated Sept. 21, 1951, and finalized into supplemental agreement dated Jan. 14, 1952. OCE approved after finalizing into supplemental agreement and set up as modification No. 1. Work was accomplished at request of Air Force and was initiated under letter order so that the contractor could start immediately.
[2] Credit.

CHRONOLOGY OF EVENTS RELATING TO ESTABLISHMENT OF CAMP PARKS

Mr. DONNELLY. With respect to the delay at Parks in the matter of agreeing on the establishment of the base there, we had considerable colloquy about the 2-month period from February 26 to April 26, during which there was indecision. Mr. Chairman, at our request the Air Force has furnished the chronology of events during that period and I would like to insert it in the record, if I may. I think the Air Force has been frank and candid enough to say that something was being done, but not very effectively.

General MYERS. Yes, sir.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter is as follows:)

The following chronological dates were extracted from Colonel Barnett's file, and our files, regarding the establishment of Parks Air Force Base in lieu of Kohler as the west coast indoctrination training center:

February 26, 1951: Shumaker (Parks) replaced Kohler in the construction program.

February 27, 1951: USAF to OCE: Suspend operations at Camp Kohler and initiate a survey of Parks.

February 27, 1951: OCE advised the South Pacific division, by telephone, that a survey should be undertaken immediately together with representatives of the training command and the installations representative, to determine the feasibility of developing Camp Parks in lieu of Camp Kohler. This survey should include the corresponding cost of developing each of the two bases. No deadline was set, but it was indicated that this information was urgently needed and should be supplied as soon as possible.

March 1, 1951: TWX South Pacific division to the San Francisco district: Retain the services of Headman-Ferguson and Corollo as architect-engineers in the development of this master plan, since this firm had been selected for development of Camp Kohler.

March 2, 1951: A conference was held between the architect-engineer and district engineer.

March 3, 1951: This is the date of the Munitions Board's directive to the Navy Department regarding the transfer of this Navy facility to the Air Force.

March 5, 1951: Memo from commandant of the Twelfth Naval District to Under Secretary of the Navy, stating Air Force, OCE, and architect-engineer's representative visited him regarding Parks Air Force Base. At that time it was tentatively agreed which areas would be released and which areas would be retained by the Navy.

March 6, 1951: Twining to CNO requesting conference to fix boundaries.

March 7, 1951: A comparative cost of Kohler versus Shumaker was furnished the division engineer by the district engineer.

March 8, 1951: Architect-engineer to district engineer requested a complete building list of all facilities.

March 12, 1951: The comparative cost of Camp Kohler versus Shoemaker was transmitted to OCE by the division engineer.

March 13, 1951: Secretary of the Air Force to Secretary of the Navy requesting formal transfer of Parks to AF. Secretary of the Navy to Secretary of the Air Force advised that the survey developed that areas to be transferred did not coincide with areas originally agreed upon. Secretary of the Navy suggested a conference and appointed Admiral Thurber as his representative. On March 16, Secretary of the Air Force appointed General Timberlake as the Air Force representative.

March 21, 1951: Secretary of the Navy to Secretary of the Air Force: Approval of transfer, delineating boundaries to be transferred.

March 23, 1951: The comparative cost of Camp Kohler versus Shumaker was transmitted to the Air Force by OCE.

March 26, 1951: General Timberlake to General Wolfe with copies to all other members of the Installations Board in which the definite recommendations for use of Camp Parks, in lieu of Camp Kohler, were made.

March 27, 1951: A complete list of facilities was transmitted to the Air Force representative by Training Command to be furnished to the architect engineer.

April 6, 1951: Air Force to OCE: Camp Parks would be used and complete information would be forwarded within a week or 10 days.

April 16, 1951. The South Pacific division advised the San Francisco district of advice received from OCE to the effect that the Air Force would utilize Camp Parks. In this communication from the South Pacific division to the district engineer, the formal advice from the Air Force was quoted.

April 25, 1951: The architect engineer to Twelfth Naval District in San Francisco requested all plans of existing facilities at Camp Parks, particularly the utilities plans.

April 26, 1951: A formal design directive was issued to OCE by USAF regarding construction.

Sampson Air Force Base, N. Y.

STOCKHOLDINGS AND SALARIES OF CONTRACTORS

Mr. Riley. There were questions asked with respect to the Sampson Air Force Base which elicited quite a bit of information here. One question had to do with the stockholdings and the salaries of various members of the CPFF contractors. May this be inserted in the record at this point, Mr. Chairman?

Mr. Riley. Without objection, it may be inserted in the record at this time.

(The information is as follows:)

April 21, 1952.

Memorandum for: Mr. Fred North, Deputy Department of the Army Counselor.
Subject: Sampson Air Force Base.

The following information is forwarded in response to an inquiry from Mr. Donnelly of the Riley subcommittee of the House Appropriations Committee:

MALAM PLUMBING CO.

H. J. Feldman (father): 51 percent of stock.

Edward Feldman (son), Sidney Feldman (son), Irving Feldman (son), Sol Feldman (son): 49 percent of stock—equal shares.

At a stockholders meeting held in November 1951 each of the above was voted a salary of $800 per week.

Army Audit Agency ascertained from the contractor's records that Malam Plumbing Co. paid the following weekly salaries during the periods indicated.

	Nov. 3–Dec. 29, 1950	Jan. 5–12, 1951	Jan. 19–Feb. 23, 1951
H. J. Feldman	$150	$300	$150
Edward Feldman	150	300	150
Sidney Feldman	150	300	
Irwing Feldman	150	300	600
Sol Feldman	125	300	600

FIVE BORO CONSTRUCTION CORP.

All of the outstanding stock is owned equally by Nathan Cohen and Arnold Kagan.

At a stockholders meeting held January 2, 1951, a salary of $400 per week plus 1 percent of gross income was voted Cohen and Kagan—salary to be held in abeyance during Sampson job.

The above individuals also own equally all outstanding stock of the K & C Construction Co., and at the stockholders meetings were voted the following weekly salaries:

Jan. 2, 1951 (each)	$400
Jan. 2, 1952 (each)	500

The records indicate that prior to January 2, 1951, Kagan was drawing a salary of $400 per week from Five Boro Construction Corp. There appears to be no record of salary payments to Cohen.

FIVE BORO-MALAM CONSTRUCTION CORP.

Wholly owned by Five Boro Construction Corp. and Malam Plumbing Co.

At a stockholders meeting held January 4, 1951, the following weekly salaries were voted:

Arnold Kagan	$1,000
Sidney Feldman	1,000
Nathan Cohen	600
Nathan Krasher	200
Irwing Feldman	250

The Army Audit Agency ascertained that salary payments were made during the course of the job to the above-listed individuals in the amounts stated.

The Army Audit Agency also ascertained that incomplete records indicated that during the life of the job Nathan Cohen received salary payments of $2,000 from other sources and Arnold Kagan received salary payments from other sources of $800. Apparently both individuals have an interest in or are drawing salaries from various other companies, some of which are in the nature of subsidiaries. Complete records of all salaries received by Cohen and Kagan are not available.

JOHN R. HARDIN,
Brigadier General, USA, Assistant Chief of Engineers for Military Construction.

DATA ON AUTHORIZATIONS, APPROPRIATIONS, OBLIGATIONS, AND SO FORTH

Mr. DONNELLY. Further on the Sampson Air Force Base, we have made a tabulation of material here with respect to the financial, statistical details and I suggest that it be put in the record. It gives the chronology of the various authorizations and appropriations, obligations, and the like.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

Sampson Air Force Base, N. Y.—Summary

	Obligated		
	Fiscal year 1951 actual	Fiscal year 1952 estimated	Total
1. Rehabilitation, total	$23,500,000	$276,000	$23,776,000
P-449: General rehabilitation	(19,500,000)	(196,000)	(19,696,000)
P-479: Medical rehabilitation	(4,000,000)	(80,000)	(4,080,000)

	Appropriation			Obligations as of Feb. 29, 1952
	Public Law 43	Public Law 254	Total	
2. New construction, total	[1] $7,130,000	$1,965,000	[2] $9,095,000	$4,892,839

[1] Interim authorization which was later covered in authorization bill for fiscal year 1952, Public Law 155.
[2] Total authorization covered by Public Law 155.

3. Summary:	
Total cost (new construction plus rehabilitation)	$32,871,000
Total B/A's issued (new construction plus rehabilitation)	31,318,000
Total obligations as of Feb. 29, 1952	28,668,839
B/A's issued for new construction	7,542,000
B/A's not issued:	
(1) Pistol and machine gun range	50,000
(2) Airmen's service club	750,000
(3) Land acquisition	123,000
	923,000

Sampson Air Force Base, N. Y.—New construction

Item	Authorization		Appropriation		B/A	Obligation
	Public Law	Amount	Public Law	Amount		
Land acquisition	910	$20,000	911	$20,000		
Barracks	155	6,180,000	43	6,180,000	$5,100,000	
Administration building	155	302,000	43	302,000	250,000	
Utilities	155	648,000	43	648,000	1,150,000	
Utilities	155	99,000	254	99,000	99,000	
R/W	155	598,000	254	598,000	598,000	
Apron	155	86,000	254	86,000	86,000	
Aviation gasoline storage	155	10,000	254	10,000	10,000	
Airfield lighting	155	60,000	254	60,000	60,000	
Commercial building extension	155	30,000	254	30,000	30,000	
Control tower	155	109,000	254	109,000	109,000	
Operation and administration building	155	33,000	254	33,000	33,000	
Pistol and machine gun range	155	50,000	254	50,000		
Airmen service club	155	750,000	254	750,000		
Paved parking area	155	17,000	254	17,000	17,000	
Land acquisition	155	123,000	254	123,000		
		9,115,000		1,965,000	7,542,000	
Total, Public Laws 910 and 155		20,000	911	20,000		
		9,095,000	43	7,130,000	6,500,000	
			254	1,965,000	1,042,000	[1] 4,892,839
				9,095,000		

[1] As of Feb. 29, 1952.

Sampson Air Force Base

I. INTRODUCTION

Location: Geneva, N. Y.
Command jurisdiction: Air Training Command, Scott Air Force Base, Ill.
Mission: To provide initial basic military training and orientation of airmen who come to the Air Force direct from civilian life.

II. OBLIGATIONS—FISCAL YEAR 1951—MAINTENANCE AND OPERATIONS APPROPRIATION

Budget project 449	$19,500,000
Budget project 479	4,000,000
Total	23,500,000

III. ANALYSIS OF OBLIGATIONS

Control of the former United States Naval Training Center, Sampson, N. Y., was transferred from the Department of the Navy to the Department of the Air Force, effective November 15, 1950.

On November 6, 1950, the Chief of Staff, United States Air Force, authorized the commanding general, Air Training Command, Scott Air Force Base, Ill., to proceed with the rehabilitation of Sampson Air Force Base for utilization as a United States Air Force indoctrination training center. Obligation authority under the "Maintenance and operations" appropriation was granted the commanding general, Air Training Command, in the amount of $4,166,000 to accomplish the following rehabilitation work:

Description of work	Budget authorization	Budget project
(a) Initial contract for rehabilitation of 522 buildings (did not include replacement of bulk of interior plumbing, heating, electrical lines, fittings, and equipment which were found to be badly deteriorated after work was started)	$2,677,721	449
(b) Contract for rehabilitation of railroad trackage	133,115	449
(c) Procurement of 22,000 railroad ties	92,000	449
(d) Procurement of supplies	50,000	449
(e) Modification of existing facilities (this includes provision of clothes racks and shelving in 146 barracks, conversion of 17 barracks for WAF use, structural modifications in shipping and receiving buildings, conversion of one former mess hall into a testing and counseling center and minimum improvements to existing emergency-type family housing)	848,037	449
(f) Engineering overhead and inspection	270,000	449
(g) Rehabilitation of hospital facilities for 800-bed hospital	95,127	479
Total	4,166,000	

To insure initial occupancy of the station by February 15, 1951, an accelerated priority work schedule and change in the scope of contract specifications were authorized. Obligation authority (under budget project 449) for this work was increased to $6,000,000 on January 11, 1951, to accomplish the following:

Description of work	*Budget authorization*
(a) Repair and replacement of existing hardwood floors with oak instead of soft-pine flooring	$75,000
(b) Adjustment and repair of mechanical window sash	5,000
(c) Repair of unserviceable concrete floors in kitchen and food-preparation areas	50,000
(d) Interior painting of kitchens and dining halls	50,000
(e) Interior painting, floor finishing, and minor improvements in 220 sets of family quarters	88,000
(f) Rehabilitation of sewage-disposal plant	50,000
(g) Rehabilitation of incinerator	40,000
(h) Replacement of refrigeration equipment in dining halls	45,000
(i) Replacement of pumps and motors in water-pumping plants	45,000
(j) Installation of new mess equipment	300,000
(k) Rehabilitation of water purification and pumping machinery for 4 swimming pools	100,000
(l) Provision of electric outlets in 146 airmen's barracks	30,000
(m) Provide for speed-up of present contract and foreseeable increases in unit costs	837,127
Subtotal of additional work items	1,715,127
25 percent contingencies, contractors' profit, and engineering overhead	214,000
Total cost of additional work items	1,929,127

Original estimates for the rehabilitation of Sampson Air Force Base were based on an occupancy of 20,000 troops. This occupancy was increased to 37,083 troops requiring complete rehabilitation of all facilities at that station. Revised cost estimates indicated an increase in the scope of the work under budget project 449 from $6,000,000 to $15,000,000 and under budget project 479 from $95,127 to $3,000,000. The work items to be accomplished were:

(a) Complete replacement of interior and exterior heating and water piping.
(b) Major rehabilitation of heating plants.
(c) Replacement of concrete floors and soil pipe.
(d) Major replacement of timber floor structures.
(e) Complete reroofing of a majority of buildings.
(f) Replacement of 80 percent of screens and storm sash.
(g) Rehabilitation of hospital facilities to provide for a 1,500-bed hospital.

Funding authorizations to cover the above work were issued in the following amounts on the dates indicated:

Budget project	Date	From—	To—
449	Feb. 7, 1951	$6,000,000	$7,500,000
449	Feb. 23, 1951	7,500,000	12,000,000
449	Apr. 30, 1951	12,000,000	15,000,000
479	Feb. 7, 1951	95,127	500,000
479	Feb. 23, 1951	500,000	2,000,000
479	Apr. 30, 1951	2,000,000	3,000,000

A revised cost estimate for the rehabilitation of Sampson Air Force Base indicated $3,000,000 was required to complete the rehabilitation of the base. Increased funds under "Maintenance and operations appropriation, budget project 449," from $15,000,000 to $17,500,000 were authorized on May 16, 1951, for the following:

(*a*) Completion of all basic rehabilitation.
(*b*) Completion of essential modification then under construction.
(*c*) Addition of grit chamber and commutor to sewage-disposal plant.
(*d*) Completion of exterior and interior painting.
(*e*) Replacement of fire hydrants as required.
(*f*) Modification of 50 percent family quarters in area "F" from one- to two-bedroom apartments.
(*g*) Rehabilitation of individual family dwellings in area "T."
(*h*) Completion of warehouse platforms.
(*i*) Replacement of window screens.
(*j*) Rehabilitation of four swimming pools.
(*k*) Replacement of lightning arrestors.
(*l*) Completion of punch-list items.
(*m*) Replacement of heating and refrigeration equipment.
(*n*) Minimum essential work in area "C."

Subsequently, a review of the cost estimates covering completion of rehabilitation of Sampson Air Force Base indicated certain additional requirements not previously anticipated, such as:

Project description	*Applicable budget project*
(*a*) Complete replacement of hospital steam distribution system	479
(*b*) Additional modifications in hospital facilities	479
(*c*) Rehabilitation of water storage tank in hospital area	479
(*d*) Reevaluation of previous preliminary cost estimates pertaining to surplus material credits, contract termination costs, Government costs and additional material procurement commitments	479

Accordingly, on June 19, 1951, Air Training Command was granted authority to obligate an additional $1,000,000 for work to be accomplished at Sampson Air Force Base under budget project 479 or, a total authorization of $4,000,000, and $2,000,000 for additional costs under budget project 449, or a total authorization of $19,500,000.

IV. APPROPRIATED FUNDS—FISCAL YEAR 1951

	Amounts requested	
	Budget project 449	Budget project 479
Regular appropriation, Public Law 759, 81st Cong	0	0
First supplemental appropriation, Public Law 843, 81st Cong	0	0
Second supplemental appropriation, Public Law 911, 81st Cong	$4,070,873	$95,127
Fourth supplemental appropriation, Public Law 43, 82d Cong	10,929,127	2,904,873
Total	15,000,000	4,000,000
Additional fiscal year 1951 funds made available for rehabilitation of Sampson Air Force Base as a result of reprograming maintenance and operations appropriated funds	4,500,000	1,000,000
Total fiscal year 1951 maintenance and operations appropriation funds obligated for rehabilitation of Sampson Air Force Base	19,500,000	4,000,000

V. ESTIMATED OBLIGATIONS, FISCAL YEAR 1952, MAINTENANCE AND OPERATIONS APPROPRIATION

Budget project 449	$196,000
Budget project 479	80,000
Total	276,000

SCHEDULE A.—*Sampson Air Force base rehabilitation program*

CONSTRUCTION COSTS

Contract Number and contractor	Type of contract	Original contract cost	Modifications	Overruns of unit price items	Pending changes	Total cost
DA-30-075-eng-1800 Bero Construction Corp.	A-UP-C.	$133,115	$2,502	$10,459		$146,076
DA-30-075-eng-1900 Five Boro Construction Corp. & Malan Plumbing Co., Inc.	A-UP-C.	2,677,677				[1] 5,300,000
DA-30-075-eng-2300 Sampson Air Force Base Constructors.	CPFF	12,169,740				13,553,330
DA-30-075-eng-3260 Merritt-Chapman & Scott Corp.	A-UP-C.	2,404,735	677,156		$357,844	3,439,735
Government-furnished materials						122,816
Government-procured equipment						[2] 1,733,313
Additional work to be awarded to contract DA-30-075-eng-3260 Merritt-Chapman & Scott Corp:						
Rehabilitation and modification of electric substation switchings system and modification of central heating plants, buildings M-1, N-47, and Q-35 and provision of closed condensate return system in M and N areas.					250,000	250,000
Contingencies, fiscal year 1951 funds.						[3] 103,556
Total construction costs						24,648,826

GOVERNMENT COSTS

	Costs to Mar. 31 1952	Estimated costs to complete	Total costs
Architect-engineer fees	$187,104	$15,000	$202,104
Engineering (design supervision)	26,997	1,000	27,997
Engineering (during construction)	14,080	500	14,580
District office (administrative costs)	10,769	2,100	12,869
Field inspection and supervision	265,933	9,600	275,533
Field office costs	68,992	2,550	71,542
District overhead	235,753	5,250	241,003
Contingencies, fiscal year 1952 funds			[4] 13,859
Total Government costs	809,628	36,000	859,487
Grand total			25,508,313

[1] Budgeted cost for terminated unit-price contract now under negotiation.
[2] Estimated costs of equipment procured from P-421 funds. Revocation of estimated balance of funds ($349,687) will be requested on determination of firm balance.
[3] To be utilized for additional construction on priority 3 if construction estimate is within funds available (priority 3 is rehabilitation of cold-storage plant, Building M-10).
[4] Can only be used for Government costs during fiscal year 1952.

SCHEDULE B.—*Sampson Air Force Base new barrack construction*

CONSTRUCTION COSTS

Contract number and contractor	Original contract cost	Changes pending	Total
DA-30-075-eng-3000, Merritt-Chapman & Scott Corp.	$4,126,251	$375,000	$4,501,251
Government-furnished material			528,560
Contingencies			223,041
Total construction costs			5,252,852

GOVERNMENT COSTS

	Costs to Mar. 31, 1952	Estimated cost of complete	Total
Architect-engineer fees, title I	$68,211		$68,211
Architect-engineer fees, title II	80,275	$19,228	99,503
Engineering (design supervision)	17,240		17,240
Engineering (during construction)	3,125	375	3,500
District office (administrative costs)	10,714	4,286	15,000
Field inspection and supervision	6,242	2,000	8,242
Field office costs	302	150	452
District overhead	60,123	44,877	105,000
Total Government costs	246,232	70,916	317,148
Grand total			5,570,000

AMARILLO AIR FORCE BASE, TEX.

INADEQUACY OF BOILER-ROOM SPACE

Mr. DONNELLY. Mr. Chairman, with respect to the question of the boilers at the Amarillo Air Force Base, General Hardin has supplied a response to the criticism made by the investigative staff on the subject, and I should like to insert it in the record at this point, if I may.

Mr. RILEY. Without objection, it may be inserted in the record at this point.

(The matter referred to is as follows:)

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 25, 1952.

Memorandum for: Mr. Fred Korth, Deputy Department of the Army Counselor.
Subject: Boiler rooms, Amarillo Air Force Base.

1. The following statement was prepared by Mr. Donnelly's staff in connection with the subject facility:

"*Hasty design may be productive of errors.*—The rush in getting work under contract has prevented adequate checking of the plans and specifications. The correction of errors due to hasty designing proves to be very costly in some instances. For example, at the Amarillo Air Force Base, Tex., after construction was well under way, the boiler rooms in the mess buildings were found to be too small to allow the installation of boilers of the size permitted by the specifications. To correct this error, extensive remodeling was necessary at a cost of approximately $100,000."

2. It has been ascertained through discussions with Mr. Donnelly that the above statement concerned itself with the boiler rooms in two mess and administration buildings which were under construction at the time the installation was visited by the congressional investigating staff.

3. The two mess and administration buildings were constructed under contract 34-066-ENG-1907 to serve 34 airmen's dormitories. Because of the continued use of these structures, it has not been possible to take the boilers in these build-

ings out of service to permit any modification of the boiler-room space. The commanding officer of Amarillo Air Force Base accepted these buildings with this unsatisfactory operational space due to this circumstance. The Air Force installations representative in the southwestern division advises that the Air installations officer at Amarillo Air Force Base does not contemplate any request for remodeling these boiler-room spaces.

JOHN R. HARDIN,
Brigadier General, United States Army,
Assistant Chief of Engineers for Military Construction.

Mr. RILEY. I want to thank General Myers, General Hardin, Mr. Kurtz and the other gentlemen who have appeared before the committee and given us this information. I believe that when this report is written and printed, it will be beneficial not only to the committee but to the services.

General MYERS. I certainly agree with you, sir; and I appreciate the committee's indulgence with us.

General HARDIN. I appreciate your consideration, too, Mr. Chairman. I only ask that, in the consideration of the preparation of the report, this all-important element of time which we are faced with in the military service be considered.

Mr. RILEY. We shall certainly take that into consideration. Thank you very much, gentlemen.

APPENDIX

WAGE DETERMINATION UNDER DAVIS-BACON ACT

The following material relates to the making of wage determinations under the Davis-Bacon Act and was referred to on page 280:

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[PUBLIC—NO. 403—74TH CONGRESS]

[S. 3303]

AN ACT To amend the Act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors or subcontractors, and for other purposes", approved March 3, 1931, is amended to read as follows:

"That the advertised specifications for every contract in excess of $2,000, to which the United States or the District of Columbia is a party, for construction, alteration, and/or repair, including painting and decorating, of public buildings or public works of the United States or the District of Columbia within the geographical limits of the States of the Union or the District of Columbia, and which requires or involves the employment of mechanics and/or laborers shall contain a provision stating the minimum wages to be paid various classes of laborers and mechanics

which shall be based upon the wages that will be determined by the Secretary of Labor to be prevailing for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the city, town, village, or other civil subdivision of the State in which the work is to be performed, or in the District of Columbia if the work is to be performed there; and every contract based upon these specifications shall contain a stipulation that the contractor or his subcontractor shall pay all mechanics and laborers employed directly upon the site of the work, unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the contractor or subcontractor and such laborers and mechanics, and that the scale of wages to be paid shall be posted by the contractor in a prominent and easily accessible place at the site of the work; and the further stipulation that there may be withheld from the contractor so much of the accrued payments as may be considered necessary by the contracting officer to pay to laborers and mechanics employed by the contractor or any subcontractor on the work the difference between the rates of wages required by the contract to be paid laborers and mechanics on the work and the rates of wages received by such laborers and mechanics and not refunded to the contractor, subcontractors, or their agents.

"SEC. 2. Every contract within the scope of this Act shall contain the further provision that in the event it is found by the contracting officer that any laborer or mechanic employed by the contractor or any subcontractor directly on the site of the work covered by the contract has been or is being paid a rate of wages less than the rate of wages required by the contract to be paid as aforesaid, the Government may, by written notice to the contractor, terminate his right to proceed with the work or such part of the work as to which there has been a failure to pay said required wages and to prosecute the work to completion by contract or otherwise, and the contractor and his sureties shall be liable to the Government for any excess costs occasioned the Government thereby.

"SEC. 3. (a) The Comptroller General of the United States is hereby authorized and directed to pay directly to laborers and mechanics from any accrued payments withheld under the terms of the contract any wages found to be due laborers and mechanics pursuant to this Act; and the Comptroller General of the United States is further authorized and is directed to distribute a list to all departments of the Government giving the names of persons or firms whom he has found to have disregarded their obligations to employees and subcontractors. No contract shall be awarded to the persons or firms appearing on this list or to any firm, corporarion, partnership, or association in which such persons or firms have an interest until three years have elapsed from the date of publication of the list containing the names of such persons or firms.

"(b) If the accrued payments withheld under the terms of the contract, as aforesaid, are insufficient to reimburse all the laborers and mechanics with respect to whom there has been a failure to pay the wages required pursuant to this Act, such laborers and mechanics shall have the right of action and/or of intervention against the contractor and his sureties conferred by law upon persons furnishing labor or materials, and in such proceedings it shall be no defense that such laborers and mechanics accepted or agreed to accept less than the required rate of wages or voluntarily made refunds.

"SEC. 4. This Act shall not be construed to supersede or impair any authority otherwise granted by Federal law to provide for the establishment of specific wage rates.

"SEC. 5. This Act shall take effect thirty days after its passage, but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this Act.

"SEC. 6. In the event of a national emergency the President is authorized to suspend the provisions of this Act.

"SEC. 7. The funds appropriated and made available by the Emergency Relief Appropriation Act of 1935 (Public Resolution Numbered 11, Seventy-fourth Congress), are hereby made available for the fiscal year ending June 30, 1936, to the Department of Labor for expenses of the administration of this Act."

Approved, August 30, 1935.

[PUBLIC—No. 633—76TH CONGRESS]

[CHAPTER 373—3D SESSION]

[S. 3650]

AN ACT To require the payment of prevailing rates of wages on Federal public works in Alaska and Hawaii

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act entitled "An Act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors and subcontractors, and for other purposes", approved March 3, 1931 (46 Stat. 1494), as amended, is further amended by striking out the words "States of the Union or the District of Columbia" and inserting in lieu thereof "States of the Union, the Territory of Alaska, the Territory of Hawaii, or the District of Columbia"; and by striking out the words "or other civil subdivision of the State" and inserting in lieu thereof "or other civil subdivision of the State, or the Territory of Alaska, or the Territory of Hawaii".

SEC. 2. The amendments made by this Act shall take effect on the thirtieth day after the date of enactment of this Act, but shall not affect any contract in existence on such effective date or made thereafter pursuant to invitations for bids outstanding on the date of enactment of this Act.

Approved, June 15, 1940.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY, WASHINGTON

No. 503

REGULATIONS PRESCRIBED BY THE SECRETARY OF LABOR AS TO THE PROCEDURE TO BE FOLLOWED IN PREDETERMINING PREVAILING RATES OF WAGES

By virtue of the authority vested in the Secretary of Labor by Revised Statutes, section 161, United States Code, title 5, section 22, and by the Davis-Bacon law, as amended (act of Aug. 30, 1935, Public, No. 403, 74th Cong.), and in order to establish an orderly procedure for the predetermination of wage rates under said act, the following regulations are hereby prescribed:

ADMINISTRATION OF ACT

SECTION 1 (Reference to Solicitor). Whenever a request by the contracting officer is duly referred to the Secretary of Labor for predetermination of wage rates under the said Davis-Bacon law as amended, the Solicitor of Labor in the manner hereinafter provided shall take the necessary steps to obtain evidence upon which the Secretary may make the requisite predeterminations.

SEC. 2 (Rule of decision). In making any such predetermination the rate of wages which the Secretary will regard as prevailing shall be—

(*a*) The rate of wages paid in the city, town, village, or other civil division of the State (hereinafter referred to as the locality) in which the work is to be performed, to the majority of those employed in the corresponding classes of laborers or mechanics (hereinafter referred to as the craft) on projects that are similar to the contract work; or

(*b*) In the event that there is not a majority paid at the same rate, then the rate paid to the greater number, provided such greater number consitutes 30 percent of those so employed; or

(*c*) In the event that less than 30 percent of those so employed receive the same rate, then the average rate.

SEC. 3 (Preliminary information). Whenever a case is referred to the Solicitor of Labor he shall—

(*a*) Ascertain whether the Secretary of Labor, the Wage Predetermination Board, or the Board of Labor Review of the Public Works Administration has made any pervious wage determinations in the locality with respect to the crafts for which predetermination is requested;

(*b*) Ascertain whether the files of the Department contain any data with respect to wage rates in the locality;

(*c*) Collect and assemble such other pertinent data as may be available;

(*d*) Whenever such data is sufficient to show the prevailing rate (as previously defined) prepare recommendations and submit them to the Secretary.

SEC. 4 (Appointment of referee). Whenever the Socitor deems such data insufficient to enable the Secretary to make a determination with respect to all the crafts specified in the request of the contracting officer, he shall, in writing, appoint a referee who shall proceed to the locality of the project and conduct an investigation into the wages paid the crafts, concerning which there is insufficient data, and make a report.

SEC. 5 (*a*) (Appointees, expenses). The Solicitor may appoint such referee from—

(1) Employees of the Department of Labor with the consent of their respective superior officers;

(2) Qualified persons not otherwise employed by the Department of Labor, whose designation has been or may be approved by the Secretary of Labor.

(*b*) No employee of the United States Government shall receive any extra compensation for services rendered as a referee except that any person sent from Washington on official business shall be entitled to the ordinary allowances for travel and subsistence during the period of his absence from the city. A referee not otherwise employed by the United States shall also be entitled to a salary of not more than $20 per diem.

EVIDENCE REQUIRED

SEC. 6 (Survey of projects). It shall be the duty of the referee with respect to the crafts within the scope of his assignment, to secure—

(*a*) Copies of written collective wage agreements between contractors and labor organizations (if any) in effect within the preceding year in the locality of the project;

(*b*) A list of all the major projects in the locality upon which the craft or crafts within the scope of his assignment were employed. Such list (to the extent that the information is obtainable) shall show in tabular form (1) the name of the projects covered by the survey or evidence, (2) the date when the work began, (3) the date when the work was finished, (4) the name of the general contractor and subcontractor directly concerned, (5) the name of the company, or (in the case of public contracts) the unit of government (Federal, State, county, city, etc.) letting the contract, (6) if a Federal contract, the name of the contracting agency and the source of funds (i. e., departmental appropriation, P. W. A., C. W. A., etc.), (7) the approximate number of the craft employed, and (8) the theoretical wage which these workmen were entitled to receive, and (9) the actual wage which the men did receive if because of rebates, understandings, or other practices there was a departure from the theoretical rate.

SEC. 7. (The scope of inquiry). The referee shall supplement such tabular presentation so far as possible by the affidavits of individual contractors and laborers, but need not include—

(1) Projects completed more than 1 year before the date of request for predetermination (unless the number of recent projects is too small accurately to reflect local wage conditions);

(2) Projects outside the county or other civil division in which the work is to be performed (unless there has been no construction of similar character in recent years, in which event the report shall cover wage conditions in the nearest large city).

The referee, unless otherwise directed, shall also report similar data with respect to classes of laborers and mechanics not listed in his assignment which are customarily employed upon similar projects in the locality.

SEC. 8 (Special standards). In preparing a survey of projects in the form required by section 6 (*b*) the referee shall make a special notation on the table if the rates hitherto paid have been fixed by—

(*a*) The Secretary of Labor;

(*b*) The Federal Emergency Administration of Public Works, or some other Federal agency;

(*c*) State, county, or municipal authority;

and in the case of (*c*) shall, if possible, supplement this notation by including a copy of the local statute, ordinance, or regulation authorizing such rule. He shall not exclude such projects from consideration in making his finding as to the prevailing rate.

SEC. 9 (Union standards). The referee shall also ascertain the local union rate and shall supplement it by—

(*a*) Information citing the date of its adoption, the local in which it is in effect, and the method by which it was fixed; and

(*b*) Evidence of the proportion of the union and nonunion workers in the particular craft employed in the locality.

SEC. 10 (Sources of information). In making his investigation the referee shall consult the following sources of information:

(*a*) The Building Trades Council (or some other local federation or council of the various craft unions);

(*b*) Independent labor organizations not allied with the local Building Trades Council;

(*c*) Municipal officials (the commissioner of public works, the city clerk, or other officials in charge of municipal construction who have data on the wage rates paid on city projects);

(*d*) The employers' organizations (such as master builders, the master painters, or other contractors' associations, the local chamber of commerce, etc.);

(*e*) Individual contractors and architects in the locality;

(*f*) The State labor department or its equivalent;

(*g*) The contracting officer and supervising superintendent;

(*h*) The local office of the United States Employment Service or affiliated agency.

PROCEDURE OF HEARING

SEC. 11 (Public hearing). Unless otherwise directed by the Solicitor, the referee shall begin his investigation by holding a public hearing in the municipality or other civil division of the State where the contract is to be performed.

SEC. 12 (Place). Wherever possible the referee shall avail himself of the facilities of the local offices of the United States Employment Service or the Immigration and Naturalization Service or some other Federal agency in the vicinity. Arrangements should be made in advance for space and stenographic service.

SEC. 13 (Notice). Notice of time and place of hearing shall be given by the referee by filling in form DB–12 and—

(*a*) Mailing a copy of such notice, together with a copy of these regulations, to the persons or organizations specified in section 10 at least 3 days in advance of the date set for the hearing; and

(*b*) Unless otherwise directed, causing a copy of such notice to be published in a local newspaper at least 3 days before the date of the hearing.

SEC. 14 (Witnesses). The referee shall endeavor to elicit testimony which will supply information required in his final report by sections 6 to 9, inclusive, of these regulations.

Although strict adherence to legal rules of evidence shall not be required, no oral testimony shall be received unless such testimony—

(*a*) Is relevant; and

(*b*) Is given under oath.

SEC. 15 (Examination of witnesses). The referee alone shall have the right to examine the witnesses who testify. He may in his discretion, however, permit a witness to be questioned by any other person at the hearing.

SEC. 16 (Documentary evidence). Documentary evidence which is otherwise competent under these regulations shall be received as an exhibit, and need not be read into the record.

CONCLUSION OF HEARING

SEC. 17 (Motions for continuance). The referee may in his discretion deny any motions for continuance.

SEC. 18 (Further evidence). If the referee feels that the testimony has not elicited substantially all the information which his report is required to contain, he may in his discretion—

(*a*) Continue the hearing and request the production of further testimony; and/or

(*b*) Make an independent investigation.

SEC. 19 (Argument). At the conclusion of the testimony any of the interested parties may submit briefs or may, in the discretion of the referee, offer oral argument.

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FINAL REPORT

SEC. 20 (Report). The referee shall make a written report through the Solicitor to the Secretary of Labor in which he shall—

(*a*) State the procedure that he has followed.

(*b*) Summarize briefly the evidence and information that he has received.

(*c*) Analyze the evidence and information and include the table of wage rates required by section 6 (*b*).

(*d*) Draft a tentative decision for the Secretary's consideration.

SEC. 21 (Other regulations). All other instructions relating to the Davis-Bacon law as amended are hereby superseded but Department Regulation No. 501 shall remain in effect with respect to contracts to which the original Davis-Bacon law (act of Mar. 3, 1931, 46 Stat. 1494, U. S. C., title 40, sec. 276 (*a*)) is applicable.

FRANCES PERKINS,
Secretary.

WASHINGTON, D. C., *September 30, 1935.*

REGULATIONS—PART 5

TITLE 29, SUBTITLE A, CODE OF FEDERAL REGULATIONS

Standards, Regulations, and Procedures With Respect to Administration and Enforcement by Federal Agencies of Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction

Effective July 1, 1951 [1]

United States Department of Labor, Maurice J. Tobin, Secretary, William S. Tyson, Solicitor, Washington, D. C.

Reorganization Plan No. 14 of 1950 provides that in order to assure coordination of administration and consistency of enforcement of the labor standards provisions of various designated acts by the Federal agencies responsible for the administration thereof, the Secretary of Labor shall prescribe appropriate standards, regulations, and procedures which shall be observed by these agencies, and cause to be made by the Department of Labor such investigations, with respect to compliance with and enforcement of such labor standards, as he deems desirable In compliance with such directive the following regulations, standards and procedures have been adopted, to be effective July 1, 1951.

TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

PART 5—LABOR STANDARDS PROVISIONS APPLICABLE TO CONTRACTS COVERING FEDERALLY FINANCED AND ASSISTED CONSTRUCTION

Sec.

5.1 Purpose and scope.
5.2 Definitions.
5.3 Procedure for requesting wage determinations.
5.4 Use of wage determinations.
5.5 Contract provisions.
5.6 Enforcement.
5.7 Reports to the Secretary of Labor.
5.8 Suspension of funds.
5.9 Restitution.
5.10 Investigations by the Secretary of Labor.
5.11 Rulings and interpretations.
5.12 Variations, tolerances and exemptions.

AUTHORITY: §§ 5.1 to 5.12 issued, under Pub. Law. 815, 81st Cong

§ 5.1 *Purpose and scope.*—The regulations contained in this part are promulgated pursuant to Reorganization Plan No. 14 of 1950, the provisions of the Reorganization Act of 1949, 63 Stat. 203 and the act of September 23, 1950, 64 Stat. 967, in order to coordinate the administration and enforcement of the labor standards provisions of each of the following acts by the Federal agencies responsible for their administration, i. e.:

[1] Published in the Federal Register, May 12, 1951, 16 F. R. 4430.

Davis-Bacon Act, as amended, 46 Stat. 1494, 49 Stat. 1011, 54 Stat. 399, 55 Stat. 53; 40 U. S. C. 276a et seq.
Anti-Kickback Act, as amended, 48 Stat. 948, 62 Stat. 740, 63 Stat. 108; 18 U. S. C. 874, 40 U. S. C. 276b, c.
Eight Hour Laws, 27 Stat. 340, as amended, 37 Stat. 726, 37 Stat. 137, as amended, 54 Stat. 884; 39 Stat. 1192; 40 U. S. C. 321 et seq.
National Housing Act, as amended, 53 Stat. 804; 12 U. S. C. 1703 et seq.
Hospital Survey and Construction Act, 60 Stat. 1040; 42 U. S. C. 291 et seq.
Federal Airport Act, as amended, 60 Stat. 170; 49 U. S. C. 1101 et seq.
Housing Act of 1949, 63 Stat. 413; 42 U. S. C. 1401 et seq.
School Survey and Construction Act of 1950, 64 Stat. 967 et seq.; 20 U. S. C. 251 et seq.

§ 5.2 *Definitions.* As used in the regulations [1] in this part:

(a) The term "Agency Head" means the principal official of the Federal agency and includes those persons duly authorized to act in his behalf;

(b) The term "Contracting Officer" means the individual, his duly appointed successor or his authorized representative who is designated and authorized to enter into contracts on behalf of the Federal agency;

(c) The term "apprentices" means persons employed in a bona fide apprenticeship program registered with a State Apprenticeship Council which is recognized by the Federal Committee on Apprenticeship, United States Department of Labor, or if no such recognized Council exists in a State, in a program registered with the Bureau of Apprenticeship, United States Department of Labor;

(d) The term "wage determination" includes the original decision and any subsequent decisions modifying, superseding, correcting, or in any way affecting the provisions of the original decision, issued prior to the award of the construction contract, except that under the National Housing Act changes in the decision shall be effective if made at any time prior to the beginning of construction. The use of the wage determination shall be subject to the provisions of § 5.4.

(e) The term "contract" means any contract within the scope of the labor standards provisions of any of the acts listed in § 5.1 and which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant, or annual contribution.

(f) The terms "building" or "work" generally include construction activity as distinguished from manufacturing, furnishing of materials, or servicing and maintenance work. The terms include without limitation, buildings, structures, and improvements of all types, such as bridges, dams, plants; highways, parkways, streets, subways, tunnels, sewers, mains, power lines, pumping stations, railways, ships, vessels, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals, dredging, shoring, rehabilitation and reactivation of plants, scaffolding, drilling, blasting, excavating, clearing, and landscaping. The manufacture or furnishing of materials, articles, supplies or equipment (whether or not a Federal or State agency acquires title to such materials, articles, supplies, or equipment during the course of the manufacture or furnishing, or owns the materials from which they are manufactured or furnished is not a "building" or "work" within the meaning of the regulations in this part unless conducted in connection with and at the site of such a building or work as is described in the foregoing sentence, or under the Housing Act of 1949 [2] in the construction or development of the project.

(g) The terms "construction", "prosecution", "completion", or "repair" mean all types of work done on a particular building or work at the site thereof, or under the Housing Act of 1949 in the construction or development of the project, including without limitation, altering, remodeling, painting and decorating, the transporting of materials and supplies to or from the building or work by the employees of the construction contractor or construction subcontractor, and the manufacturing or furnishing of materials, articles, supplies or equipment on the site of the building or work, or under the Housing Act of 1949 in the construction or development of the project, by persons employed by the contractor or subcontractor. A mere token beginning of the work shall not be deemed to be the "beginning of construction" as that term is used in the National Housing Act.

(h) The term "public building" or "public work" includes building or work, the construction, prosecution, completion, or repair of which, as defined above, is carried on directly by authority of or with funds of a Federal agency to serve the interest of the general public regardless of whether title thereof is in a Federal agency.

[1] These definitions are not intended to restrict the meaning of any of the terms as used in the applicable statutes.
[2] Housing Act of 1949, 42 U. S. C. 1416, 1459.

(i) Every person paid by a contractor or subcontractor in any manner for his labor in the construction, prosecution, completion, or repair of a public building or public work, or building or work financed in whole or in part by loans, grants or guarantees from the United States, is "employed" and receiving "wages," regardless of any contractual relationship alleged to exist.

(j) The term "Federal agency" means the United States, the District of Columbia, and all executive departments, independent establishments, administrative agencies, and instrumentalities of the United States and of the District of Columbia, including corporations, all or substantially all of the stock of which is beneficially owned by the United States, by the District of Columbia, or any of the foregoing departments, establishments, agencies, and instrumentalities.

§5.3 *Procedure for requesting wage determinations.*—Requests for the determination of wage rates by the Secretary of Labor or for any change, modification, or review thereof, shall be submitted by the Federal agency on forms prescribed by the Department of Labor. Requests for such determinations shall be initiated at least 30 calendar days before advertisement of the specifications or the beginning of the negotiations for the contract for which the determination is sought; exceptions from this provision will be made only upon a proper showing in unusual circumstances.

§ 5.4 *Use of wage determinations.*—(a) If the proposed contract for which determination was sought has not been awarded, or if under a contract subject to the National Housing Act construction has not begun within 90 calendar days from the date of the original wage determination, such determination shall be deemed obsolete and the Agency Head shall request a new wage determination before the award of such contract or the beginning of such construction, as the case may be.

(b) All actions changing or modifying an original wage determination prior to the award of the contract or contracts for which the determination was sought, shall be applicable thereto, but modifications received by the agency later than 5 days before the opening of bids shall not be effective if the award is made within 30 days after the opening of the bids or 90 days from the date of the original wage determination whichever is the earlier. Similiarly, in the case of contracts entered into pursuant to the National Housing Act, changes or modifications in the original determination shall be effective if made prior to the beginning of the construction, but shall not apply after the mortgage is initially endorsed by the agency if the beginning of the construction takes place within 30 days thereafter.[3] The Agency Head shall provide that persons such as the prospective bidders, sponsors, applicants or owners be informed of these conditions.

§ 5.5 *Contract provisions.*—(a) The Agency Head shall cause or require to be inserted in any contract subject to the labor standards provisions of any of the acts listed in § 5.1 the following stipulations or any modifications thereof to meet particular needs of the agency if first approved by the Department of Labor:

"(1) All mechanics and laborers employed or working upon the site of the work, or under the Housing Act of 1949 in the construction or development of the project, will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by the Anti-Kickback Regulations (29 C. F. R. Part 3)), the full amounts due at time of payment computed at wage rates not less than those contained in the wage determination decision of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor or subcontractor and such laborers and mechanics; and the wage determination decision shall be posted by the contractor at the site of the work in a prominent place where it can be easily seen by the workers.

"(2) The [write in name of Federal agency] may withhold or cause to be withheld from the contractor so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics employed by the contractor or any subcontractor on the work the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic employed or working on the site of the work, or under the Housing Act of 1949 in the construction or development of the project, all or part of the wages required by the contract, the [Agency] may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

[3] This does not apply to supplemental wage determinations issued for additional crafts not included in the original determinations.

"(3) Payroll records will be maintained during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work, or under the Housing Act of 1949 in the construction or development of the project. Such records will contain the name and address of each such employee, his correct classification, rate of pay, daily and weekly number of hours worked, deductions made and actual wages paid.

"The contractor will submit weekly a certified copy of all payrolls to the [write in name of appropriate Federal agency] if the agency is a party to the contract but if the agency is not such a party the contractor will submit the certified payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the [write in name or agency]. The certification will affirm that the payrolls are correct and complete, that the wage rates contained therein are not less than those determined by the Secretary of Labor and that the classifications set forth for each laborer or mechanic conform with the work he performed. The contractor will make his employment records available for inspection by authorized representatives of the [write in name of agency] and the Department of Labor, and will permit such representatives to interview employees during working hours on the job.

"(4) Apprentices will be permitted to work only under a bona fide apprenticeship program registered with a State Apprenticeship Council which is recognized by the Federal Committee on Apprenticeship, U. S. Department of Labor; or if no such recognized Council exists in a State, under a program registered with the Bureau of Apprenticeship, U. S. Department of Labor.

"(5) The contractor will comply with the regulations (copy of which is attached) of the Secretary of Labor made pursuant to the Anti-Kick-back Act of June 13, 1934, 48 Stat. 948; 62 Stat. 740, 63 Stat. 108; 18 U. S. C. 874, 40 U. S. C. 276 b, c, and any amendments or modifications thereof, will cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and will be responsible for the submission of affidavits required of subcontractors thereunder, except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances and exemptions from the requirements thereof.

"(6) The contractor will insert in each of his subcontracts the provisions set forth in stipulations (1), (2), (3), (4), (5), and (7) hereof, and such other stipulations as the [write in name of Federal agency] may by appropriate instructions require.

"(7) A breach of stipulations (1) through (6) may be grounds for termination of the contract."

(b) The Agency Head shall cause or require the following stipulation to be included in the contract where applicable:

"Eight Hour Law—Overtime Compensation

"No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the contractor or any subcontractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this article of the contract. The wages of every laborer and mechanic employed by the contractor or any subcontractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this article of the contract a penalty of five dollars shall be imposed upon the contractor for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this article of the contract, and all penalties thus imposed shall be withheld for the use and benefit of the Government: *Provided*, That this stipulation shall be subject in all respects to the exceptions and provisions of the Eight Hour Laws as set forth in U. S. Code, title 40, sections 321, 324, 325, 325a, and 326, which relate to hours of labor and compensation for overtime."

§ 5.6 *Enforcement.* (a) It shall be the responsibility of the Federal agency to ascertain whether the stipulations required by § 5.5 have been inserted in the contracts. Agencies which do not directly enter into such contracts shall promulgate the necessary regulations or procedures to require that the contracts con-

tain the provisions of § 5.5 or such modifications thereof which have been approved by the Department of Labor. No payment, advance, grant, loan or guarantee of funds shall be approved by the Federal agency after the beginning of construction unless there is on file with the agency a certification by the contractor that he and his subcontractors have complied or that there is an honest dispute with respect to the required provisions.

(b) Whenever any contractor or subcontractor is found by the Secretary of Labor or the Agency Head to be in aggravated or wilful violation of the prevailing wage or overtime pay provisions of any of the applicable statutes listed in § 5. other than the Davis-Bacon Act, such contractor or subcontractor or any firm, corporation, partnership, or association in which such contractor or subcontractor has a substantial interest shall be ineligible for a period of three years (from the date of publication by the Comptroller General of the name or names of said contractor or subcontractor on the ineligible list as provided below) to receive any contracts subject to any of the statutes listed in § 5.1. In cases arising under contracts covered by the Davis-Bacon Act, the ineligibility provision prescribed in that act shall govern.

The Agency Head shall furnish to the Secretary of Labor for transmittal to the Comptroller General the names of the persons or firms who have been found to have disregarded their obligations to employees. The Comptroller General will distribute a list to all Departments of the Government giving the names of such ineligible persons or firms.

(c) Under the Davis-Bacon Act the contracting officer shall require that any class of laborers and mechanics not listed in the Secretary's decision, which will be employed on the contract, shall be classified or reclassified by the contractor or subcontractor conformably to the Secretary's decision and a report of the administrative action taken in such cases shall be transmitted by the agency to the Secretary of Labor. In the event the interested parties cannot agree on the proper classification or reclassification of a particular class of laborers and mechanics to be used, the question, accompanied by the recommendation of the contracting officer, shall be referred to the Secretary of Labor for final determination. Where classifications of laborers and mechanics are desired under any of the other statutes listed in § 5.1 which were not included in the original decision, a supplementary wage determination shall be requested by the Agency Head.

(d) The Federal agency shall make such examination of the certified payrolls and affidavits as may be necessary to assure compliance with the labor standards stipulations required by the regulations contained in this part and the applicable statutes listed in § 5.1. In connection with such examination particular attention should be given to the correctness of classifications and disproportionate employment of laborers, helpers, or apprentices. Such payrolls and affidavits shall be preserved by the agency for a period of three years from the date of completion of the contract and shall be produced at the request of the Secretary of Labor at any time during the 3-year period.

(e) In addition to the examination of payrolls and affidavits required by paragraph (d) of this section, the Federal agency shall cause investigations to be made as may be necessary to assure compliance with the labor standards stipulations required by the regulations contained in this part and the applicable statutes listed in § 5.1. Projects where the contract is of short duration (6 months or less) shall be investigated before the work is accepted, if feasible. In the case of contracts which extend over a long period of time the investigation shall be made with such frequency as may be necessary to assure compliance. Such investigations shall include interviews with employees and examinations of payroll data to determine the correctness of classifications and disproportionate employment of laborers, helpers, or apprentices. Complaints of alleged violations shall be given priority and statements, written or oral, made by an employee shall be treated as confidential and shall not be disclosed to his employer without the consent of the employee.

§ 5.7 *Reports to the Secretary of Labor.*—(a) After completion of investigations, the appropriate Federal agency shall, where the violations are wilful or result in underpayments in the amount of $200 or more, transmit to the Secretary of Labor a report of its findings, including information as to restitution made; payments or approvals of loans, grants, guarantees, or subsidies withheld; contract terminations; the names and addresses of employees and contractors or subcontractors affected. The procedure for the withholding of funds under the Davis-Bacon Act shall be in accordance with the Comptroller General's letter of February 28, 1936, A. 34106, which is appended hereto.[4]

[4] Filed as a part of the original document.

(b) No report need be made to the Secretary of Labor where the underpayments total less than $200, if nonwilful, and the Federal agency has required restitution to be made and has received assurance from the contractor of future compliance.

(c) Upon the award of the contract the Agency Head shall transmit to the Secretary of Labor in duplicate the following inforamtion in writing: The names and addresses of each successful contractor, the amount of the contract, and the location and description of the projects including the contract numbers if available in sufficient detail to indicate its nature. The same information shall be submitted with respect to subcontractors and their subcontracts. Compliance with section 109 (c) of Title 1 of the Housing Act of 1949, shall be deemed to be fulfillment of this section with respect to contracts entered into pursuant to Title 1 of that act.

(d) Where the contract is terminated by reason of violations of the labor standards a report shall be submitted to the Secretary of Labor and the Comptroller General giving the name and address of the contractor or subcontractor whose right to proceed has been terminated, the name and address of the contractor or subcontractor, if any, who is to complete the work, the amount and number of his ccontract, and the description of the work he is to perform.

§ 5.8 *Suspension of funds.*—In the event of failure or refusal of the contractor or any subcontractor to comply with labor standards stipulations required by the regulations contained in this part and the applicable statutes listed in § 5.1, the Federal agency shall take such action as may be necessary to cause the suspension of the payment, advance or guarantee of funds until such time as the violations are discontinued or until sufficient funds are withheld to compensate employees for the wages to which they are entitled.

§ 5.9 *Restitution.*—(a) The Agency Head may, in appropriate cases where violations of the labor standards stipulations required by the regulations contained in this part and the applicable statutes listed in § 5.1 resulting in underpayment of wages to employees are found to be nonwilful, order that restitution be made to such employees.

(b) In cases where the Agency Head finds substantial evidence that such violations are wilful and in violation of a criminal statute, the Agency Head shall forward the matter to the Attorney General of the United States for prosecution if the facts warrant. In all such cases the Secretary of Labor shall be informed of the action taken.

§ 5.10. *Inves'igations by the Secretary of Labor.* (a) The Secretary of Labor shall cause to be made such investigations as he deems desirable, in order to obtain compliance with the provisions of this part and the applicable statutes listed in § 5.1 and the Federal agencies, contractors, subcontractors, sponsors, applicants or owners, shall cooperate with any authorized representative of the Department of Labor in the inspection of records, in interviews with workers, and in all other aspects of the investigation.

(b) In the event of disputes concerning the payment of prevailing wage rates or proper classifications which involve significant sums of money, large groups of employees, or novel or unusual situations, the Secretary of Labor may, upon request by a Federal agency, direct a hearing to be held. For the purpose of the hearing the Secretary of Labor shall, in writing, designate a Hearing Examiner who shall, after notice to all interested parties, make such investigation and conduct such hearings as may be necessary and render a decision embodying his findings and conclusions and if wages are found to be due, the amounts thereof. The Hearing Examiner's decision shall be sent to the interested parties and shall be final unless a petition for review of the decision by the Secretary of Labor is filed by any such parties in quadruplicate with the Chief Hearing Examiner, United States Department of Labor, Washington 25, D. C., within twenty (20) days after receipt thereof. The petition for review must set out separately and particularly each objection asserted. The petition for review and the record which shall include the Examiner's decision then shall be certified by the Hearing Examiner to the Secretary of Labor. The petitioner may file a brief (original and four copies) in support of his petition within the twenty (20) day period and any interested party upon whom the Hearing Examiner's decision has been served may within ten (10) days after the expiration of the time for filing the petition for review, file a brief in support of, or in opposition to the Hearing Examiner's decision. The Secretary of Labor's decision shall be final.

§ 5.11 *Rulings and interpretations.*—All questions arising in any ageney relating to the application and interpretation of the regulations contained in this part and of the Davis-Bacon Act, the Anti-Kickback Act, the Eight Hour Laws, and the

labor standards provisions of the following acts, the National Housing Act, the Housing Act of 1949, the Hospital Survey and Construction Act, the Federal Airport Act and the School Survey and Construction Act of 1950, shall be referred to the Secretary of Labor for appropriate ruling or interpretation. The rulings and interpretations of the Secretary shall be authoritative and may be relied upon as provided for in section 10 of the Portal to Portal Act of 1947. Requests for such rulings and interpretations should be addressed to the Secretary of Labor, United States Department of Labor, Washington 25, D. C.

§ 5.12 *Variations, tolerances and exemptions.*—Upon a written finding by the head of a Federal agency, the Secretary of Labor may provide reasonable limitations, variations, tolerances, and exemptions from the requirements of the regulations contained in this part, subject to such conditions as the Secretary of Labor may specify.

Signed at Washington, D. C., this 9th day of May 1951.

MAURICE J. TOBIN,
Secretary of Labor.

APPENDIX

REORGANIZATION PLAN NO. 14 OF 1950

Prepared by the President and Transmitted to the Senate and the House of Representatives in Congress Assembled, March 13, 1950, Pursuant to the Provisions of the Reorganization Act of 1949, Approved June 20, 1949.[1]

LABOR STANDARDS ENFORCEMENT

In order to assure coordination of administration and consistency of enforcement of the labor standards provisions of each of the following Acts by the Federal agencies responsible for the administration thereof, the Secretary of Labor shall prescribe appropriate standards, regulations, and procedures, which shall be observed by these agencies, and cause to be made by the Department of Labor such investigations, with respect to compliance with and enforcement of such labor standards, as he deems desirable, namely: (a) The Act of March 3, 1931 (46 Stat. 1494, ch. 411), as amended; (b) the Act of June 13, 1934 (48 Stat. 948, ch. 482); (c) the Act of August 1, 1892 (27 Stat. 340, ch. 352), as amended; (d) the Act of June 19, 1912 (37 Stat. 137, ch. 174), as amended; (e) the Act of June 3, 1939 (53 Stat. 804, ch. 175), as amended; (f) the Act of August 13, 1946 (60 Stat. 1040, ch. 958); (g) the Act of May 13, 1946 (60 Stat. 170, ch. 251), as amended; and (h) the Act of July 15, 1949 (ch. 338, Public Law 171, Eighty-first Congress, first session).

15 F. R. 3176.

COMPTROLLER GENERAL OF THE UNITED STATES, WASHINGTON

A–34106 February 28, 1936

UNDERPAYMENT OF WAGES OF LABORERS AND MECHANICS EMPLOYED ON PUBLIC BUILDINGS OR PUBLIC WORKS OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA

To heads of Departments, Independent Establishments, Corporations, and Agencies of the United States and the District of Columbia:

The act of August 30, 1935 (Public No. 403, 74th Congress), entitled "An Act to amend the Act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings," provides in part:

"* * * and every contract based upon these specifications shall contain a stipulation that the contractor or his subcontractor shall pay all mechanics and laborers employed directly upon the site of the work, unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the contractor or

[1] Effective May 24, 1950, under the provisions of section 6 of the act; published pursuant to section 11 of the act (Pub. Law 109, 81st Cong.).

subcontractor and such laborers and mechanics, and that the scale of wages to be paid shall be posted by the contractor in a prominent and easily accessible place at the site of the work; and the further stipulation that there may be withheld from the contractor so much of accrued payments as may be considered necessary by the contracting officer to pay to laborers and mechanics employed by the contractor or any subcontractor on the work the difference between the rates of wages required by the contract to be paid laborers and mechanics on the work and the rates of wages received by such laborers and mechanics and not refunded to the contractor, subcontractors, or their agents."

Section 3 (a) of the act provides:

"The Comptroller General of the United States is hereby authorized and directed to pay directly to laborers and mechanics from any accrued payments withheld under the terms of the contract any wages found to be due laborers and mechanics pursuant to this Act; and the Comptroller General of the United States is further authorized and is directed to distribute a list to all departments of the Government giving the names of persons or firms whom he has found to have disregarded their obligations to employees and subcontractors. No contract shall be awarded to the persons or firms appearing on this list or to any firm, corporation, partnership, or association in which such persons or firms have an interest until three years have elapsed from the date of publication of the list containing the names of such persons or firms."

Accordingly, where the contracting officer of the Government finds that any laborer or mechanic employed by a contractor or subcontracter on such public buildings or public works has been or is being paid a rate of wages less than the wages required by the contract to be paid he shall cause to be deducted from the amounts due the contractor so much as may be necessary to pay said difference to each such laborer or mechanic, and the total amount so deducted shall be set apart, in the manner hereinafter outlined, for the purpose of liquidating the difference in the wage rate paid by the contractor and the wage rate required to be paid under the contract.

The next voucher drawn in favor of the contractor should be for the gross amount of the accrued earnings, less deductions for prior payments and any amount to be withheld for other purpose, and scheduled to the paying officer on Standard Form 1064, together with "Schedule of Deductions from Payments to Contractor (act of August 30, 1935)," which is hereby prescribed (sample form attached), showing: Department or establishment, place, date, name and address of contractor, number and date of contract, nature of work covered by contract, amount of progress or other payment from which deduction is made, amount to be paid the contractor, and the amount of the deduction; and in detail the names and addresses of the laborers and mechanics involved who have been underpaid, showing for each the period covered, time worked, amount due at rate of wages required by contract, amounts (and rates) paid by contractor, amounts of underpayments, and a statement of facts upon which such finding is based. The schedule of deductions will then be signed by the contracting officer and transmitted through administrative channels to the disbursing officer.

The paying officer (disbursing officer) upon receipt of the schedules will draw one check in favor of the United States for the total amount to be withheld on account of such underpayments to laborers, et al., in the employ of such contractor, and one check in favor of the contractor for the resulting net amount due him, claiming credit therefor in his accounts as a disbursement. He will then take into his accounts as a collection the amount deducted and will deposit the same into the Treasury to the trust-fund-receipt account "Symbol 8020, Withholdings from Contractors for Wage Adjustments, Act of August 30, 1935 (Public No. 403)," claiming credit therefor as a Treasury deposit.

The amounts so deposited will then be appropriated to the trust-fund-expenditure account, "Symbol OT421, Wages of Employees of Contractors, Act of August 30, 1935 (Public No. 403) (Trust Fund)," and made available for direct settlement by the General Accounting Office in payment for the deficiencies in wages due the contractor's employees under the act, *supra*.

The paying officer (disbursing officer) will complete the schedule of deductions by filling in the check numbers, number of certificate of deposit, date of deposit and signature and symbol number, and forward the schedules in duplicate to the General Accounting Office, Claims Division.

J. R. McCarl,
Comptroller General of the United States.

ADDENDUM

On November 15, 1951, notice was published in the Federal Register (16 F. R. 11592) of amendment of the regulations in this part as follows:

1. In section 5.1 immediately following the words "Act of September 23, 1950 (64 Stat. 967)," the following is added: "and the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong.)."

2. The following is added at the end of section 5.1: "Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong.)."

3. A new subsection, designated subsection (c), is added to section 5.5 to read as follows:

"(c) In contracts for construction financed through loans or grants made pursuant to title III of the Defense Housing and Community Facilities and Services Act of 1951, the agency head shall cause or require inclusion of the following stipulation: The wages of every laborer and mechanic employed by the contractor or any subcontractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day, and work in excess of eight hours per day is permitted upon compensation for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay.'

REQUEST FOR DETERMINATION

MARCH 29, 1951.

Re Predetermination of wage rates for Amarillo Air Force Base, Potter County, Texas, project.

THE HONORABLE THE SECRETARY OF LABOR: The undersigned, E. Irving Manger, in behalf of the contracting officer for the Corps of Engineers of Department of the Army, anounces that on or before 10 April, 1951, he proposes in behalf of the United States to advertise specifications for a contract for the construction of 136 airmen's dormitories, a public building (work) of the United States, to be performed at Amarillo Air Force Base near Amarillo, Texas, county of Potter, State of Texas, and the estimated amount of said contract is approximately $10,880,000.00 and therefore, within the provisions of the Davis-Bacon Act as amended (act of Aug. 30, 1935 (49 Stat. 1011), amended June 15, 1940 (54 Stat. 399), amended March 23, 1941 (55 Stat. 53)).

Said contract will involve the employment of the following classes of laborers and mechanics directly at the site of the work:

*Air-tool operators (jackhammer, vibrator)
Asbestos workers
Asbestos workers' improvers
Blacksmiths
Blacksmiths' helpers
*Boilermakers
*Boilermakers' helpers
*Bricklayers
*Bricklayers' apprentices
*Carpenters
*Carpenters' apprentices
*Cement finishers
*Electricians
*Electricians' apprentices, helpers
Elevator constructors
Elevator constructors' helpers
Firemen and oilers
*Glaziers
*Ironworkers
Ironworkers, ornamental
Ironworkers, reinforcing
Ironworkers' apprentices
Laborers, building
Laborers, concrete
*Laborers, unskilled
*Lathers
Lathers' apprentices
Machinists
Machinists' helpers
*Marble setters
Marble setters' helpers
*Mason tenders
*Mortar mixers
*Painters, brush
*Painters, spray
*Painters, structural steel
Piledrivermen
*Pipe layers (concrete and clay)
*Plasterers
*Plasterers' tenders
*Plumbers
*Plumbers' apprentices, helpers
Power equipment operators:
*Air compressors
*Blade graders
*Bulldozers
*Cranes, derricks, draglines
Distributors (bituminous surfaces)
Finishing machines (cement, concrete, pavement)
*Hoists, 1 drum
*Hoists, 2 or more drums
*Mixers (less than 14 cu. ft.)
*Mixers (over 14 cu. ft.)
Motor graders
*Piledrivers

Power equipment operators—Con.
*Pumps
*Rollers
*Scrapers
*Shovels
*Tractors
Trenching machines
*Clamshells
*Crushing machines
*Firemen
*Greasers
*Mechanic, H. D. & Welders
*Mechanic, helpers
*Mixermobiles
*Oilers
*Paving Mixers
*Scoopmobile loaders
*Tractor, wheel type
*Tractor, w/power attachment
*Winch truck
*2 Air compressors opr. by 1 man
*2 Air compressors & 1 pump opr. by 1 man
*2 Pumps operated by 1 man
*Apprentice operator, 1st year
*Apprentice operator, 2nd year
*Roofers, composition
*Roofers, slate and tile
Roofers' helpers
*Sheet metal workers
*Sheet metal workers' apprentices
*Soft floor layers (linoleum)
Sprinkler fitters
Sprinkler fitters' helpers
*Steam fitters
*Steam fitters' apprentices, helpers
*Stonemasons
Tank erectors
Tank erectors' helpers
*Terrazzo workers
Terrazzo workers' helpers
Terrazzo base machine operators
*Tile setters
Tile setters' helpers
*Truck drivers
*Welders
Well drillers
Well drillers' helpers
*Truck driver, 1½ tons to 3 tons
*Truck drivers, 3 tons up to 5 tons
*Truck drivers, dump
*Ditching (Trenching) machine
*Backhoe
Power Equipment Operators (continued):
*Blade graders, self-propelled
*Rollers, over 10 tons

Required date: April 19, 1951.

IMPORTANT.—Check each craft on the foregoing list, employment of which is contemplated under the contract, and insert any additional craft not covered by the list, the employment of which will probably be required. In filling in these blanks please be specific as to the exact type of work to be performed as there are often subdivisions within a general craft, based upon the type of construction or the nature of materials to be used, which have different wage rates. For example in the case of acoustical engineering the kind of material might be significant, for if the acoustical material is to be wood, carpenters' rates might be applicable, whereas if plaster were used, the rate for plasterers might apply.

Wherefore, said contracting officer requests the Secretary of Labor to determine the minimum wages to be paid to such classes of laborers and mechanics to be inserted in the advertised specifications, in accordance with the provisions of said Davis-Bacon Act as amended.

Respectfully submitted.

E. IRVING MANGER,
Assistant, Legal Dirision.

REQUEST FOR DETERMINATION

MARCH 29, 1951.

Re: Predetermination of wage rates for Amarillo Air Force Base, Potter County, Tex., project

THE HONORABLE THE SECRETARY OF LABOR:

The undersigned, E. Irving Nanger, in behalf of the contracting officer for the Corps of Engineers of Department of the Army announces that on or before April 6, 1951, he proposes in behalf of the United States to negoitate for a contract for the construction of 119 air men's dormitories, a public building (work) of the United States, to be performed at Amarillo Air Force Base near Amarillo, Tex., county of Potter, State of Texas, and the estimated amount of said contract is approximately $8,800,000.00 and, therefore, within the provisions of the Davis-Bacon Act as amended (Act of Aug. 30, 1935, 49 Stat. 1011, amended June 15, 1940, 54 Stat. 399, amended March 23, 1941, 55 Stat. 53).

Said contract will involve the employment of the following classes of laborers and mechanics directly at the site of the work:

*Air-tool operators (jackhammer, vibrator)
Asbestos workers
Asbestos workers' improvers
Blacksmiths
Blacksmiths' helpers
*Boilermakers
*Boilermakers' helpers
*Bricklayers
*Bricklayers' apprentices
*Carpenters
*Carpenters' apprentices
*Cement finishers
*Electricians
*Electricians' apprentices, helpers
Elevator constructors
Elevator constructors' helpers
Firemen and oilers
*Glaziers
*Ironworkers
Ironworkers, ornamental
Ironworkers, reinforcing
Ironworkers' apprentices
Laborers, building
Laborers, concrete
*Laborers, unskilled
*Lathers
Lathers' apprentices
Machinists
Machinist's helpers
*Marble setters
Marble setters' helpers
*Mason tenders
*Mortar mixers
*Painters, brush
*Painters, spray
*Painters, structural steel
Piledrivermen
*Pipe layers (concrete and clay)
*Plasterers
*Plasterers' tenders
*Plumbers
*Plumbers' apprentices, helpers
Power equipment operators:
*Air compressors
*Blade graders
*Bulldozers
*Cranes, derricks, draglines
Distributors (bituminous surfaces)
Finishing machines (cement, concrete, pavement)
*Hoist, 1 drum
*Hoists, 2 or more drums
*Mixers (10–S, or smaller)
*Mixers (larger than 10–S)
Motor graders
*Piledrivers
Power Equipment Operators—Con.:
*Pumps
*Rollers
*Scrapers
*Shovels
*Tractors
Trenching machines
*Blade graders, self propelled
*Clamshells
*Crushing machines
*Firemen
*Greasers
*Mechanic, H. D. and welders
*Mechanic, helpers
*Mixermobiles
*Oilers
*Scoopmobile loaders
*Rollers, over 10 tons
*Tractor, wheel type
*Tractor, w/power attachment
*Winch truck
*2 Air compressors operated by 1 man
*2 Air compressors and 1 pump operated by 1 man
*2 Pumps operated by 1 man
*Apprentice operator, 1st year
*Apprentice operator, 2d year
*Ditching (Trenching) machine
*Roofers, composition
*Roofers, slate and tile
Roofers' helpers
*Sheet metal workers
*Sheet metal workers' apprentices
*Soft floor layers (linoleum)
Sprinkler fitters
Sprinkler fitters' helpers
*Steam fitters
*Steam fitters' apprentices, helpers
*Stonemasons
Tank erectors
Tank erectors' helpers
Terrazzo workers
Terrazzo workers' helpers
Terrazzo base machine operators
*Tile setters
Tile setters' helpers
*Truck drivers
*Welders
Well drillers
Well drillers' helpers
Truck drivers:
*1½ tons to 3 tons
*3 tons up to 5 tons
*Dumps
*Paving Mixers
*Backhoe

Required date: April 19, 1951.

IMPORTANT.—Check each craft on the foregoing list, employment of which is contemplated under the contract, and insert any additional craft not covered by the list, the employment of which will probably be required. In filling in these blanks please be specific as to the exact type of work to be performed as there are often subdivisions within a general craft, based upon the type of construction or the nature of materials to be used, which have different wage rates. For example in the case of acoustical engineering the kind of material might be significant, for

if the acoustical material is to be wood, carpenters' rates might be applicable, whereas if plaster were used, the rate for plasterers might apply.

Wherefore, said contracting officer requests the Secretary of Labor to determine the minimum wages to be paid to such classes of laborers and mechanics to be inserted in the advertised specifications, in accordance with the provisions of said Davis-Bacon Act as amended.

Respectfully submitted.

E. IRVING MANGER,
Assistant, Legal Division.

REQUEST FOR DETERMINATION

MARCH 29, 1951.

Re: Predetermination of wage rates for Amarillo Air Force Base, Potter County, Tex., project.

THE HONORABLE THE SECRETARY OF LABOR:

The undersigned, E. Irving Manger, in behalf of the contracting officer for the Corps of Engineers of Department of the Army announces that on or before April 10, 1951, he proposes in behalf of the United States to negotiate for a contract for the construction of hangars, training aids building, and operations building, a public building (work) of the United States, to be performed at Amarillo Air Force Base near Amarillo, Tex., county of Potter, State of Texas, and the estimated amount of said contract is approximately $1,700,000.00 and, therefore, within the provisions of the Davis-Bacon Act as amended (Act of Aug. 30, 1935, 49 Stat. 1011, amended June 15, 1940, 54 Stat. 399, amended March 23, 1941, 55 Stat. 53).

Said contract will involve the employment of the following classes of laborers and mechanics directly at the site of the work:

*Air-tool operators (jackhammer, vibrator)
Asbestos workers
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Blacksmiths
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*Boilermakers
*Boilermakers' helpers
*Bricklayers
*Bricklayers' apprentices
*Carpenters
*Carpenters' apprentices
*Cement finishers
*Electricians
*Electricians' apprentices, helpers
Elevator constructors
Elevator constructors' helpers
Firemen and oilers
*Glaziers
*Ironworkers, structural
Ironworkers, ornamental
Ironworkers, reinforcing
Ironworkers' apprentices
Laborers, building
Laborers, building
*Laborers, unskilled
*Lathers
Lathers' apprentices
Machinists
Machinists' helpers
*Marble setters
Marble setters' helpers
*Mason tenders
*Mortar mixers
*Painters, brush
*Painters, spray
*Painters, structural steel
Piledrivermen
*Pipe layers (concrete and clay)
*Plasterers
*Plasterers' tenders
*Plumbers
*Plumbers' apprentices, helpers
Power equipment operators:
*Air compressors
*Blade graders
*Bulldozers
*Cranes, derricks, draglines
Distributors (bituminous surfaces)
Finishing machines (cement, concrete, pavement)
*Hoists, 1 drum
*Hoists, 2 or more drums
*Mixers (less than 14 cubic feet)
*Mixers (over 14 cubic feet)
Motor graders
*Piledrivers
*Pumps
*Rollers
*Scrapers
*Shovels
*Tractors
Trenching machines
*Clamshells
*Crushing machines
*Firemen
*Greasers
*Mechanic, H. D. and Welders
*Mechanic, helpers
*Mixermobiles
*Oilers
*Paving mixers
*Scoopmobile loaders
*Tractor, wheel type
*Tractor, with power attachment
*Winch truck

Power equipment operators—Con.
*2 Air compressors operated by 1 man
*2 Air compressors and 1 pump operated by 1 man
*2 Pumps operated by 1 man
*Apprentice operator, 1st year
*Roofers, composition
*Roofers, slate and tile
Roofers' helpers
*Sheet metal workers
*Sheet metal workers' apprentices
*Soft floor layers (linoleum)
Sprinkler fitters
Sprinkler fitters' helpers
*Steam fitters
*Steam fitters' apprentices, helpers
*Stonemasons
Tank erectors
Tank erectors' helpers
*Terrazzo workers
Terrazzo workers' helpers
Terrazzo base machine operators
*Tile setters
Tile setters' helpers
*Truck drivers, up to but not including 1½ tons
*Welders
Well drillers
Well drillers' helpers
*Truck drivers, 1½ tons to 3 tons
*Truck drivers, 3 tons up to 5 tons
*Truck drivers, dump
*Apprentice operator, 2nd year
*Ditching (Trenching) machine
*Backhoe
*Blade graders, self propelled
*Rollers, over 10 tons

Required date: April 19, 1951.

IMPORTANT.—Check each craft on the foregoing list, employment of which is contemplated under the contract, and insert any additional craft not covered by the list, the employment of which will probably be required. In filling in these blanks please be specific as to the exact type of work to be performed as there are often subdivisions within a general craft, based upon the type of construction or the nature of materials to be used, which have different wage rates. For example in the case of acoustical engineering the kind of material might be significant, for if the acoustical material is to be wood, carpenters' rates might be applicable, whereas if plaster were used, the rate for plasterers might apply.

Wherefore, said contracting officer requests the Secretary of Labor to determine the minimum wages to be paid to such classes of laborers and mechanics to be inserted in the advertised specifications, in accordance with the provisions of said Davis-Bacon Act as amended.

Respectfully submitted.

———— ————.

UNITED STATES DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, May 1, 1951.

K–7630 K–7632
K–7631 K–7633

DECISION OF THE SECRETARY

These cases are before the Department of Labor pursuant to requests for wage predeterminations under the Davis-Bacon Act, as amended (act of Aug. 30, 1935, 49 Stat. 1011; act of June 15, 1940, 54 Stat. 399; 40 U. S. C. 276 (a)), and Reorganization Plan No. 14 of 1950, effective May 24, 1950 (15 F. R. 3176), with respect to contracts by the Department of the Army for construction of hangars, training aids building, and operations building; construction of 136 airmen's dormitories; construction of 119 airmen's dormitories; and construction of 7,000-man mess halls at Amarillo Air Force Base near Amarillo, Potter County, Tex.

A study has been made of wage conditions in the locality on the basis of the data submitted by the contracting agency and other information assembled by the Department of Labor. Wage rates listed on the attached schedule are hereby found to be the prevailing rates of wages for the requested crafts.

In accordance with the provisions of the said Davis-Bacon Act, as amended, and Reorganization Plan No. 14 of 1950, these are the minimum wages to be inserted in the contract specifications for said contracts and any class of laborers and mechanics (including apprentices) not listed in the attached schedule, which will be employed on these contracts, shall be classified or reclassified conformably to the attached schedule and under the conditions contained therein. In the event the interested parties cannot agree on the proper classification or reclassification of a particular class of laborers and mechanics to be used, the question, accompanied by the recommendation of the contracting officer, shall be referred to the Secretary of Labor for final determination.

By direction of the Secretary of Labor.

K–7630 K–7632 Army
K–7631 K–7633

MAY 1, 1951.

For construction of hangars, training aids building and operations building; construction of 136 airmen's dormitories; construction of 119 airmen's dormitories; and construction of 7,000-man's mess halls at Amarillo Air Force Base near Amarillo, Potter County, Tex.

BUILDING CONSTRUCTION

	Per hour
Air tool operators (Jackhammermen, vibrators)	$1.575
Asbestos workers	2.50
Boilermakers	2.375
Boilermakers' helpers	2.175
Bricklayers	3.25
Bricklayers, apprentices:	
First 6 months of 50 percent of journeymen's rate.	
Second 6 mohths 55 percent of journeymen's rate.	
Third 6 months 60 percent of journeymen's rate.	
Fourth 6 months 65 percent of journeymen's rate.	
Fifth 6 months 70 percent of journeymen's rate.	
Sixth 6 months 75 percent of journeymen's rate.	
Seventh 6 months 85 percent of journeymen's rate.	
Eighth 6 months 95 percent of journeymen's rate.	
Carpenters	2.25
Carpenters' apprentices:	
First 6 months 57 percent of journeymen's rate.	
Second 6 months 60 percent of journeymen's rate.	
Third 6 months 65 percent of journeymen's rate.	
Fourth 6 minths 70 percent of journeymen's rate.	
Fifth 6 months 75 percent of journeymen's rate.	
Sixth 6 months 85 percent of journeymen's rate.	
Seventh 6 months 90 percent of journeymen's rate.	
Eighth 6 months 95 percent of journeymen's rate.	
Cement finishers	2.00
Electricians	2.50
Electricians' apprentices:	
First 6 months	1.25
Second 6 months	1.32
Third 6 months	1.41
Fourth 6 months	1.50
Fifth 6 months	1.60
Sixth 6 months	1.70
Seventh 6 months	1.78
Eighth 6 months	1.875
Glaziers	1.875
Iron workers, structural	2.375
Iron workers, ornamental	2.375
Iron workers, reinforcing	2.25
Laborers	1.325
Lathers	3.00
Marble setters	2.50
Mason tenders	1.575
Mortar mixers	1.575
Painters, brush	2.25
Painters, spray	3.00
Painters, structural steel	2.375
Pipe layers (concrete and clay)	1.575
Plasterers	3.00
Plasterers tenders	1.575
Plumbers	2.50
Plumbers' apprentices:	
First 6 months, 50 percent of journeymen's rate.	
Second 6 months, 52 percent of journeymen's rate.	
Third 6 months, 55 percent of journeymen's rate.	
Fourth 6 months, 58 percent of journeymen's rate.	
Fifth 6 months, 62 percent of journeymen's rate.	
Sixth 6 months, 68 percent of journeymen's rate.	

BUILDING CONSTRUCTION—continued

	Per hour
Plumbers' apprentices—Continued	
Seventh 6 months, 75 percent of journeymen's rate.	
Eighth 6 months, 82 percent of journeymen's rate.	
Ninth 6 months, 90 percent of journeymen's rate.	
Tenth 6 months, 95 percent of journeymen's rate.	
Power equipment operators:	
Oilers	$1.625
Firemen	1.875
Greasers	1.875
Mechanics' helpers	1.875
Air compressors	1.875
Pump	1.875
Blade graders	2.125
Scoopmobile loaders	2.125
Hoists, single drum	2.125
Mixers, less than 14 cubic feet	2.125
Rollers	2.125
Tractor, crawler type	2.125
Tractor, wheel type	2.125
Apprentice, 1 year	1.625
Apprentice, 2 years	1.75
Blade graders, self-propelled	2.375
Clamshells	2.375
Cranes	2.375
Derricks	2.375
Draglines	2.375
Hoists, 2 drums or more	2.375
Winch trucks	2.375
Mixermobiles	2.375
Mixers, 14 cubic feet or over	2.375
Paving mixers	2.375
Pile drivers	2.375
Scrapers	2.375
Bulldozers	2.375
Shovels	2.375
Heavy duty mechanics and welders	2.375
All tractors with power attachment	2.375
Trenching machines	2.375
Roller, over 10 tons	2.375
2 air compressors operated by 1 man	2.375
Air compressor and 1 pump operated by 1 man	2.375
2 pumps operated by 1 man	2.375
Roofers, composition	2.05
Roofers, slate and tile	2.05
Sheet metal workers	2.25
Sheet metal workers apprentices:	
First 6 months, 40 percent of journeymen's rate.	
Second 6 months, 45 percent of journeymen's rate.	
Third 6 months, 50 percent of journeymen's rate.	
Fourth 6 months, 55 percent of journeymen's rate.	
Fifth 6 months 60 percent of journemen's rate.	
Sixth 6 months 65 percent of journeymen's rate.	
Seventh 6 months 70 percent of journeymen's rate.	
Eighth 6 months 80 percent of journeymen's rate.	
Soft-floor layers	2.25
Steamfitters	2.50
Steamfitters' apprentices:	
First 6 months 50 percent of journeymen's rate.	
Second 6 months 52 percent of journeymen's rate.	
Third 6 months 55 percent of journeymen's rate.	
Fourth 6 months 58 percent of journeymen's rate.	
Fifth 6 months 62 percent of journeymen's rate.	
Sixth 6 months 68 percent of journeymen's rate.	
Seventh 6 months 75 percent of journeymen's rate.	
Eighth 6 months 82 percent of journeymen's rate.	
Ninth 6 months 90 percent of journeymen's rate.	
Tenth 6 months 95 percent of journeymen's rate.	

BUILDING CONSTRUCTION—continued

	Per hour
Stone masons	$3.25
Terrazzo workers	2.25
Tile setters	2.50
Truck drivers:	
Up to but not including 1½ tons	1.20
1½ tons to 3 tons	1.325
3 tons to 5 tons	1.875
Dump	1.325

Welders—receive rate prescribed for craft performing operation to which welding is incidental.

The wage rates contained in this decision are straight hourly wage rates. In some areas management and labor organizations in the construction industry have collectively bargained for health and welfare fund contributions. Such contributions are not included in wage rates determined by the Secretary of Labor for construction projects.

Apprentices employed purssant to this determination of wage rates must be registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Federal Committee on Apprenticeship, United States Department of Labor; or if no such recognized agency exists in a State, it shall mean a program registered with the Bureau of Apprenticeship, United States Department of Labor.

Wage-rate determinations made by the Secretary of Labor under the Davis-Bacon Act for construction work at Amarillo Air Force Base, Potter County, Tex., during 1951 and 1952

Decision No.	Date request received, Labor Department	Date of determination	Time required for determination
			Days
K–5683, first phase of rehabilitation of buildings and utilities	Feb. 7, 1951	Feb. 26, 1951	19
K–5696, first phase of rehabilitation of buildings and utilities	do	do	19
K–7630, construction of hangars, training aids building, and operation building	Mar. 30, 1951	May 1, 1951	32
K–7631, construction of 136 airmen's dormitories [1]	do	do	32
K–7632, construction of 119 airmen's dormitories [1]	do	do	32
K–7633, 7,000-man mess hall	do	Apr. 1, 1951	2
K–9151, construction of communication exchange, radio and radar buildings	Apr. 2, 1951	Apr. 21, 1951	19
K–9689, rehabilitation of various buildings	Apr. 11, 1951	Apr. 11, 1951	0
K–9831, construction of 2 bachelor officers' quarters buildings	Apr. 16, 1951	Apr. 16, 1951	0
L–1067, construction of a bachelor officers' quarters building	Aug. 9, 1951	Sept. 7, 1951	9
L–1380, construction of various buildings	Oct. 20, 1951	do	18
L–1381, construction of grease and oil storage buildings	do	do	18
L–1382, construction of various buildings	do	do	18
L–1383, gas station and fuel storage facilities	do	do	18
L–1466, street lighting and fire alarm systems	Aug. 21, 1951	do	17
L–3740, airmen's club	Nov. 5, 1951	Nov. 30, 1951	25
L–4429, rehabilitation of A/C fueling system	Nov. 26, 1951	Dec. 11, 1951	15
L–4430, officers' mess building	do	do	15
L–4431, wing headquarters building	do	do	15
L–4433, laundry and dry-cleaning plant	do	do	15
L–4434, bakery building	do	do	15
L–6120, fire escapes	Jan. 16, 1952	Jan. 22, 1952	6
L–6670, turfing	Jan. 31, 1952	Feb. 18, 1952	18
L–8014, rehabilitation of various buildings, roads, and utilities	Mar. 12, 1952	Mar. 24, 1952	12

[1] Rates telephoned to Mr. Neilson, Legal Division, Corps of Engineers, May 1, 1951.

Wage-rate determinations made by the Secretary of Labor for the Atomic Energy Commission project in the Amarillo, Tex., area

Decision No.	Date request received, Labor Department	Date of determination	Time required for determination
			Days
K–4929, for construction of Santa Fe operations office in the vicinity of Amarillo, Carson County, Tex	Jan. 16, 1951	Jan. 19, 1951	3
K–5359, for construction work near Amarillo, in Carson County, Tex.[1]	Jan. 29, 1951	Jan. 26, 1951	0

[1] Rates given to agency by telephone Jan. 26, 1951.

Wage-rate determinations made by the Secretary of Labor under the Davis-Bacon Act for construction work at Camp Parks and Parks Air Force Base, Contra Costa County, Calif., during 1951 and 1952

Decision No.	Date request received, Labor Department	Date of determination	Time required for determination
			Days
K–9946, rehabilitation of Camp Parks and Camp Shoemaker	May 11, 1951	June 11, 1951	21
L–2887, military construction at Parks Air Force Base	Oct. 8, 1951	Oct. 16, 1951	8
L–4407, rehabilitation of Parks Air Force Base	Nov. 26, 1951	Jan. 2, 1952	37
L–7668, buildings, roads, utilities, and appurtenances	Mar. 4, 1952	Mar. 14, 1952	10

Wage-rate determinations made by the Secretary of Labor under the Davis-Bacon Act for construction work at Sampson Air Force Base, Seneca County, N. Y., during 1950 and 1951.

Decision No.	Date request received, Labor Department	Date of determination	Time required for determination
			Days
K–4004, Rehabilitation of Sampson Air Force Base [1]	Dec. 8, 1950	Dec. 15, 1950	7
K–5984, Construction of various buildings, roads, utilities, etc.[2]	Mar. 2, 1951	Feb. 21, 1951	0

[1] Rates telephoned to Mr. Manger, Legal Division, Dec. 15, 1950.
[2] Rates telephoned to Mr. Manger, Legal Division, Corps of Engineers, Feb. 21, 1951.

General Outline Specifications for Standard Air Force Buildings

The following guide specifications for Air Force buildings were referred to on page 376:

GENERAL OUTLINE SPECIFICATIONS FOR STANDARD AIR FORCE BUILDINGS

Outline Building Specifications for Air Force Semipermanent 10-Year and Air Force Permanent 25-Year Construction

GENERAL

1. This document supersedes the following previously established Air Force policies on construction:

a. HQ USAF letter—Subject: "Design Criteria for 'Limited Life Construction' for Buildings of the Air Force" dated September 18, 1950.
b. HQ USAF letter—Subject: "Outline Specifications for Air Force 10-Year Life Construction" dated February 2, 1951.
c. Outline Specifications for Standard A. F. Buildings dated June 1, 1951.

2. These outline specifications are intended to provide a common basis of understanding of the general character of construction to be used for the majority of buildings at all Air Force installations. They will further provide a basis for uniform planning, designing, estimating, and programing future building projects.

3. The Definitive Drawings establish, in general, the space arrangements of the buildings, while the outline specifications show the type of materials to be used in building them, the degree of finish required, and the class of construction desired. Together these documents constitute a pattern to be followed by those charged with the development of detailed plans and specifications and the execution of construction.

4. The specification is based on two alternate life expectancies designated as "Air Force Semipermanent (10-year life) and Air Force Permanent (25-year life)." The need for these life terms has been recognized by reason of the continued rapidly changing strategic, tactical, and training needs of the Air Force. This concept of austerity and reduced construction standard will in effect yield to the Air Force more construction per dollar for the required facilities.

5. The specifications outlined herein will apply in general to all new structures and to the rehabilitation of existing mobilization type structures. Ten years has been chosen as the arbitrary dividing line between the two life terms. In the case of certain buildings or parts thereof, the intended life period is of minor significance, since these buildings, because of their functional and/or structural peculiarity, require certain minimum standards of construction regardless of a term of life. Such cases constitute exceptions to the general rule as indicated in the specifications.

6. Construction under the "Air Force Semipermanent" (10-year) specification will provide substantially the same functional arrangement, heating, sanitary facilities, lighting, and structural frame, as are incorporated in the "Air Force Permanent" (25-year). If these structures should be continued in use beyond the 10-year period, it is intended that they can be made to compare favorably with the "Air Force Permanent" (25-year) construction by adding standard weatherproof siding, a more durable roof, and better finished floors, and by completing the interior finish.

7. The intent is to provide economical buildings, using materials and methods consistent with the probable life of the buildings and likely to be reasonably available in a wartime economy. In most cases, because of indeterminate factors of local availability and economy, some latitude in construction and finish is provided, leaving the final choice to those responsible for preparing the working documents. Where such options are offered they are listed in order of preference.

8. When the question arises as to the proper basic structural and component materials to be employed in any structure the following yardstick is mandatory in accordance with policies established herein for "Air Force Semipermanent (10-year) and Air Force Permanent (25-year)" construction:

"The most economical available materials which meet the minimum structural and functional requirements will be used in every case."

When applying this yardstick full consideration will be given to the following requirements:

a. In Combustible Construction the use of ordinary wood frame will be accepted from the standpoint of longevity and should be considered in every case except where combustible materials are specifically prohibited or where more durable and satisfactory construction is obtainable at a cost no greater than that of wood frame.

b. Protection must be provided to prevent fires arising from combustible materials in the proximity of heating equipment or such other equipment which may generate a hazardous degree of heat or sparks.

c. No special consideration will be given in the selection of noncombustible or more expensive materials for construction of facilities to house equipment or operations merely because they are considered to be of exceptional importance or value. Examples of exceptions directing noncombustible construction are listed herein, and any exceptions not falling in those classes will require the specific approval of Headquarters, United States Air Force.

d. This outline specification is intended to convey to field agencies and Architect-Engineers the general construction policies of the Air Force. It is obvious that such a document cannot properly cover all conditions. Therefore, good construction practices should govern in instances where these specifications would not meet functional requirements.

9. These specifications are not intended to preclude the use of new materials and construction methods if they are comparable in cost and equally suitable.

10. The use of prefabricated type construction is encouraged, providing its cost is no greater than conventional construction and will meet the minimum structural and functional requirements of the structure.

11. It is not considered essential that new structures conform with the established style of architecture at existing installations. It is desirable instead that the designs be consistently economical and generally in harmony with the simply contemporary architectural trends, devoid of any details or ornamentations, applied purely for the sake of embellishment. Full advantage should be taken of the use of the natural textures and color of the materials employed as well as of the variety afforded by the properly selected color schemes where paint is applied.

12. It is necessary that proper consideration be given to the adaptation of structures to local climates and other special conditions. Common methods of construction which are in use and proven satisfactory should be given full consideration. In those specifications variations have been indicated in construction designed for different temperature zones. These zones commonly referred to as +20° F., 0° F., and −20° F. represent the lowest temperatures which can normally be expected to recur within the zone concerned. For convenience and reference a map of the United States indicating the location of these temperature zones is attached at the end of these specifications.

13. For ease in reference in the specifications, constructions have been divided into two major categories:

Type C—(Combustible)—Walls, floors, roofs, and partitions of combustible materials or when justified by paragraph No. 8a combinations and noncombustible materials.

Type N—(Noncombustible)—Walls, floors, roofs, and partitions of noncombustible materials. (Note: Wood doors, windows, and trim are allowable except in fire hazard areas.)

In general, construction for both 10- and 25-year life terms will be of Type C construction unless it falls in a class of the following exceptions:

Exceptions to the general rule occur in respect to certain buildings and parts of buildings which require Type N construction for protection of personnel or equipment. The following are examples of these exceptions:

a. These buildings shall be of Type N construction, whether built for 10- or 25-year life terms.

Hangars
Control Towers
Hydrogen Buildings
Multistory Hospital Bldgs.
Global Comm.—Radio Link Relay
Global Comm.—Emergency Power
Airmen's Dorms.—3-Story Only [1]
Locomotive Shelter and Repair Shop
Depot Warehouses

b. These spaces within buildings shall be of Type N construction, whether built for 10- or 25-year life terms.

Vaults
Paint, oil, and dope shop
Dry Cleaning Plant spaces
Detention wings or spaces in Guard House Buildings
Storage of highly inflammable and explosive materials
Spaces housing essential operating equipment of all fixed communications facilities [2]

SPECIFICATIONS

1. Design Criteria:
   Loads including wind and earthquake forces, to be assumed as directed by the Engineering Manual as applicable to the specific location.
2. Footings:
   Poured concrete, reinforced if required.

[1] When dormitories are built of noncombustible materials the accompanying mess building with administration and issue spaces will be constructed with similar noncombustible walls with the roof, partitions, etc., of combustible materials.

[2] Does not apply for spaces housing communication equipment and mock-ups used in connection with *Communications* training programs. Spaces not housing essential operating equipment such as administrative, messing, housing, etc., shall be constructed of combustible material if they are of sufficient size to effect appreciable savings in cost. Where layout of the facility precludes an economical subdivision of combustible and noncombustible construction, the structure will be completely noncombustible. In general, shelters for "Navigational Aid" facilities shall not be fire-resistant construction. Prefab and wood frame shelters now used or programed will continue to be used as designed.

3. Foundations:
   3.1 Walls and piers:
      a. Concrete or cinder or other lightweight block.
      b. Poured concrete.[1]
      c. Structural clay tile or brick.
      d. Precast concrete (for piers).
      e. Local stone where suitable.

NOTE.—In +20° F. zone, piers may be substituted for continuous foundation walls.

   3.2 Piles:
      a. Treated wood.
      b. Concrete.
      c. Steel.
   3.3 Matt concrete slab:
      Poured concrete, reinforced if required.
4. Waterproofing:
   4.1 Walls below grade:
      a. Foundation only—None
      b. Around excavated useful space—
         Exterior surface—Cement parging on unit masonry only and cold or hot bituminous coating and foundation drains where required
      c. Special cases—
         Exterior surface—Nonmetallic membrane.
         Interior surface—Metallic suspension application.
   4.2 Floors, static pressure:
      Nonmetallic membrane and foundation drains.
   4.3 Under shower, drying, toilet, sanitary, laundry, water treatment and other rooms having floor drains over finished spaces:
      Nonmetallic membrane (in addition to shower pans under shower areas).
5. Floor Construction (only rough construction indicated. For finishes see Floor Finishes, Item 16):
   5.1 General:
   .11 On ground:
      Poured concrete over minimum of 4″ tamped free draining fill; reinforcement and expansion joints where required.
   .12 Above ground:
      10-year—a. Wood joists or beams (minimum FHA standards)—
         1. No subfloor where finished floor is wood.
         2. Wood or plywood subfloor under resilient finishes.
         3. Mesh-reinforced concrete under hard finishes.
      25-year—a. Wood joists (minimum FHA standards)—
         1. Wood or plywood subfloor under resilient finishes.
         2. Mesh-reinforced concrete under hard finishes.
      Where span, load, or functional requirements exceed standard wood-joist capacity, provide supporting-beam elements of timber, steel, or concrete.
   5.2 Exceptions:
   .21 Balconies in drying towers, industrial buildings, etc.:
      Wood joists (minimum FHA standards)—
      1¼″ open flooring, no subfloor.
   .22 Floors above ground for special functional requirements. Fire hazard areas and type N construction (see p. 3):
      a. Poured concrete slab (or beams and slab).
      b. Steel joists reinforced with—
         1. Poured reinforced concrete slab.
         2. Preformed plank.
         3. Preformed slabs.
      c. Precast concrete joists, reinforced concrete poured or preformed slab.
      d. Concrete fill over wood joists for toilets, etc., in type C construction.

[1] May be in cardboard or other tube forms, for piers.

6. Exterior Walls: (For interior facing and finish, see Wall Finishes, Item 17).
Wood columns, masonry piers, or steel columns as required.
6.1 Type C construction (see p. 3):
.11 General:
10-year—
a. Light wood framing—
1. Unsheathed (Minimum FHA standards) covering—
Granule-surface siding.
Laminated gypsum.
Wood siding.
Stucco with integral color.[2]
2. Sheathed [3] (Minimum FHA standards) Sheathing—
Gypsum (waterproof).
Fibreboard.
Wood.
Covering—
Cement-asbestos sheets.
Cement-asbestos shingles.
Cement-asbestos sidings.
Stucco with integral color.[2]
b. Special wood framing—covering—
Cement-asbestos sandwich panels.
25-year—
a. Light wood framing—
1. Sheathed (Minimum FHA standards) Sheathing—
Gypsum (waterproof).
Fibreboard.
Wood.
Covering—
Cement-asbestos sheets.
Cement-asbestos shingles.
Wood siding.[4]
Wood shingles.
Stucco with integral color.[2]
b. Special wood framing—covering—
Wood wool cement block.
6.2 Type N construction:
a. Masonry (furred as required):
1. Concrete block or cinder or other lightweight block.
2. Structural clay tile units.
3. Concrete, precast or pored.
4. Brick; clay tile or block back-up.
5. Local stone.
(Spandrel walls of nonmasonry materials where practical)
10-year—b. Intermediate steel framing—no sheathing—covering—
1. Corr. metal.
2. Corr. cement-asbestos.
25-year—b. Intermediate steel framing—no sheathing—covering—
1. Corr. cement-asbestos.
2. Corr. protected metal.

NOTE.—For 10-year semipermanent construction in the +20° F. zone it is proposed to normally omit the inside wall finish. In such cases exposed inside surfaces of exterior wall coverings should be confined to products no darker in color than medium buff (not requiring painting on the job) and with slow-burning characteristics. Natural dressed wood surfaces are acceptable.

[2] Use stucco only where it is particularly suited to the locality and where satisfactory methods of application are established.
[3] Sheathe 10-year type only when covering materials suitable for single-thickness application are not available.
[4] Wood siding is not considered economical for 25-year-life buildings because of the necessity of repetitive paintings, if other equally economical sidings are available.

7. Roof construction (only rough construction indicated. For finish see Roofing, Item 12.):
   7.1 General:
   .11 Type C construction:
   Wood joists and rafters, framed according to FHA minimum standards.
   Wood or plywood sheathing.
   Where span or load exceeds standards acceptable for wood joists and rafters provide intermediate support framing of wood beams, wood trusses or steel beams.
   .12 Type N construction:
   a. Poured reinforced concrete beam and slab.
   b. Steel or precast concrete joists with—
   1. Preformed plank.
   2. Preformed slabs.
   3. Poured reinforced concrete slab or gypsum slab.
   7.2 Exceptions:
   .21 Fire hazard areas:
   a. Type C construction—Wood framing, wherever permissible with fire-resistive ceiling protection.
   b. Type N construction—
   Poured reinforced concrete beam and slab.
   Steel or precast concrete joists with:
   1. Preformed plank.
   2. Preformed slabs.
   3. Poured reinforced concrete slab.
   .22 Special structures:
   Long span, cantilever construction, etc.:
   a. Steel trusses—
   1. Wood joists, wood sheathing (except in Type N construction).
   2. Wood plank sheathing (except in Type N construction).
   3. Steel purlins, light molded or precast slabs.
   4. Protected metal.
   5. Steel decking.
   b. Concrete arches, concrete slabs.
   c. Laminated wood arches, wood planking.

8. Chimney Construction:
   10-year—
   a. Wherever adaptable, prefabricated units, Underwriter-approved.
   b. Flues for gas-burning appliances—cement-asbestos pipe.
   c. Terra-cotta or firebrick lining in—
   1. Brick or radial block.
   2. Local stone.
   3. Special chimney blocks (9 x 9 flues only)—where appearance permits.
   25-year—
   a. Terra-cotta or firebrick lining in—
   1. Brick or radial block.
   2. Local stone.
   b. Flues for gas-burning appliances—cement-asbestos pipe.

9. Interior Wall and Partition Construction (only rough construction indicated. For finishes see Wall Finishes, Item 17):
   9.1 General:
   a. Wood studs, full room height, framed according to FHA minimum standards.
   b. Open top, Office type—glazed as required, wherever suitable.
   Frame—wood studs.
   Panels—
   1. Gypsum wallboard.
   2. Hardboard.[5]
   3. Cement-asbestos sheets.

[5] Wood, wood fibre and non-laminated paperboards—over 24 pcf density.

9. Interior Wall and Partition Construction—Continued
   9.2 Exceptions:
   .21 Fire hazard areas in type C construction:
   a. Wood studs, wherever permissible with fire-resistive finish.
   b. Solid types—
   1. Laminated gypsum board.
   2. 2″ plaster.
   c. Masonry (on ground slabs or noncombustible floors).
   1. Concrete block or cinder or other lightweight block.
   2. Structural clay tile units.
   3. Gypsum block.
   4. Brick (25 year only).
   .22 Buildings of type N construction:
   a. 2″ plaster.
   b. Metal studs.
   c. Masonry (on ground slabs or noncombustible floors):
   1. Concrete block or cinder block.
   2. Structural clay tile units.
   3. Gypsum block.
   4. Brick.
   9.23 Toilet stalls; panel or flush type:
   10-year—
   1. Tempered hardboard.
   2. Cement-asbestos.
   3. Plywood.
   25-year—
   1. Metal.
   2. Tempered hardboard.
   3. Cement-asbestos.
   4. Plywood.
   .24 Tool cribs:
   Industrial wire mesh or expanded metal on wood or metal framing.
   .25 Fire walls:
   a. Masonry (furred as required).
   1. Concrete block or cinder or other lightweight block.
   2. Structural clay tile units.
   3. Concrete, precast or poured.
   4. Brick; clay tile or block back-up.
   5. Local stone.
   (Spandrel walls of nonmasonry materials where practical).
   .26 Office and corridor partitions:
   Headquarters and other administrative buildings should be designed so that the partitions in office and administrative areas will be non-load-bearing and generally constructed of wood frame with dry-wall finish in order to provide flexibility for alterations. This policy will apply generally regardless of whether the building has been authorized for type C or type N construction.
10. Stairs:
   10.1 Stairs between wood-framed floors:
   Standard wood construction, hardwood treads.
   10.2 Stairs between noncumbustible floors:
   a. Reinforced concrete, pipe rails.
   b. Steel with concrete treads, pipe rails.
   10.3 Stairs on ground:
   Reinforced concrete, pipe rails if required.
   10.4 Tower stairs, stairs to industrial balconies in Type C construction:
   Open wood construction, plank treads.
11. Insulation:
   11.1 Exterior walls and roofs:
   .11 Insulation materials:
   a. Fire-resistive fiberboards (where exposed).
   b. Rock wool.
   c. Cotton (fireproofed).
   d. Glass wool.
   e. Reflective (where unexposed).

11. Insulation—Continued

11.12 Recommended maximum "U" values for heated buildings (calculated according to method of ASHVE Guide—10- and 25-year types):

a. −20° F. Zone and −30° F. Zone−
Frame walls, −0.10.
Masonry and concrete walls, −0.16.
Roofs, −0.08.

b. 0° F. Zone−
Frame walls, −0.15.
Masonry and concrete walls, −0.20.
Roofs, −0.12.

c. +20° F. Zone−
Walls, −0.50.
Roofs,[6] −0.12.

.13 Vapor barrier:
Required in all insulated buildings colder than the +20° zone

11.2 Refrigerated and cold-storage areas:

.21 Insulation materials:

10-year−
Rock wool.
Cellular glass.
Glass wool.
Corkboard.
Reflective metal.
Loose fill.
Reflective reinforced paper.
Asphalt, enclosed fiberboard.

25-year−
Rock wool.
Cellular glass.
Glass wool.
Corkboard.
Reflective metal.

12. Roofing:

12.1 Slope−0″ to ½″ per foot (minimum pitch for wood roof−¼″ per foot):
10-year—4-ply built-up, 15-lb. asphalt or tarred rag felt, slag, marble, or gravel topping.
25-year—5-ply built-up, 15-lb. asphalt or tarred rag felt, slag, marble, or gravel topping.

12.2 Slope—½″ to 3″ per foot:
10-year—4-ply built-up, asphalt and 15-lb. rag-asphalt felt, slag or gravel topping.
25-year—5-ply built-up, asphalt and 15-lb. rag-asphalt felt, slag or gravel topping.

12.3 Slope—3″ to 5″ per foot:
10-year—
a. Wide-selvage, mineral-surfaced roll roofing, 55-lb. grade.
b. Corrugated metal.
25-year—5-ply built-up, asphalt and asbestos-asphalt felt, smooth surface.

12.4 Slope—Over 5″ per foot:
10-year—
a. Shops and service buildings
Same as 3″ to 5″ slope.
b. Other buildings
1. Asphalt-strip shingles (160#–175#)
2. Wide-selvage roll roofing.
25-year—
a. Asphalt strip shingles (200#–250#).
b. Cement-asbestos shingles.

[6] Roof insulation to provide summer comfort.

13. Flashing:
    13.1 Base flashings:
        Nonmetallic impregnated reinforced base flashing with cants.
    13.2 Cap flashings:
        a. Aluminum
        b. Copper
        c. Galvanized iron (10-year only).
14. Windows:
    14.1 General:
        a. Standard pre-assembled wood sash, stock size and design, 1⅜″ thickness:
            1. Double-hung type.
            2. Awning type.
            3. Casement type.
            4. Combinations as required.
        b. Stock metal sash
        c. Special types or combinations where required.
    14.2 Exceptions:
    .21 Shops, service and utility areas:
        Commercial projected metal sash (whenever economically suitable).
    .22 Basement rooms:
        Standard basement or utility sash
    .23 Screens (for Screening see Item 22, Insect Screenings) (for all operable sash in residential, medical, and food-handling areas):
        Stock frames.
15. Doors:
    15.1 General:
    .11 Interior (louvered or glazed as required):
        10-year—Stock wood, 1⅜″ thick:
            1. Panelled—pine or fir.
            2. Flush hollow core—paint grade.
        25-year—
            a. Stock wood, 1⅜″ thick:
                1. Panelled.
                2. Flush hollow core—paint grade.
            b. Stock metal.
    15.12 Exterior:
        10-year—Stock wood, 1¾″ thick:
            1. Panelled—pine or fir.
            2. Flush hollow core (where protected)—waterproof, paint grade.
        25-year—
            a. Stock wood, 1¾″ thick:
                1. Panelled.
                2. Flush hollow core (where protected)—waterproof, paint grade.
            b. Stock metal—fire-hazard areas only.
    .13 Screen (For Screening see Item 22, Insect Screening) (for all entrances to residential, medical and food-handling areas):
        Stock wood frame—1⅜″ thick.
    15.2 Exceptions:
    .21 Fire doors:
        Types, operation and installation conforming to requirements of National Board of Fire Underwriters.
    .22 Overhead doors:
        Standard stock sizes and types, wood or metal.
    .23 Other types—Rolling, sliding, hangar, etc.:
        As required, using stock types and sizes wherever possible.
16. Floor finishes:
    16.1 General (finished areas):
    .11 Over concrete slabs (or noncombustible floors in Type N Construction):
        10-year—Monolithic concrete, with hardener.
        25-year—
            a. Monolithic concrete, with hardener.
            b. Asphalt tile.
            c. Linoleum (Above ground only).

16. Floor finishes—Continued
.12 Over wood construction:
10-year—
a. No subfloor—
1. 25/32″ matched softwood, single thickness.
2. Plank (mill construction).
b. Over wood subfloor (0° F. and −20° F. zones only) for ground floor over air space only, softwood strip flooring.
25-year—Wood subfloor—
1. Asphalt tile.[7]
2. Linoleum.[7]
3. Hardwood strip flooring.

16.2 Exceptions:
.21 Service, shop, storage and utility areas:
10-year—
a. Over concrete or noncombustible construction: Monolithic concrete, with hardener.
b. Over wood construction:
1. No subfloor—1¼″ or 2″ matched or splined softwood.
2. Over wood subfloor—$^{25}/_{32}$″ softwood strip flooring.
25-year—
a. Over concrete or noncombustible construction: Monolithic concrete, with hardener.
b. Over wood construction:
1. No subfloor—1¼″ or 2″ matched or splined softwood.
2. Over wood subfloor—
Asphalt tile.[8]
Softwood strip flooring.
Hardwood strip flooring.

.22 Food preparation, sanitary and laundry areas, toilets:
10-year—
a. Over concrete or noncombustible floor construction, type C or N construction:
1. Monolithic concrete, with hardener.
2. Oxychloride cement with copper fungicide.
b. Over wood construction (wood, plywood or hardboard underlay):
1. Asphalt tile [9] (greaseproof where required).
2. Other resilient flooring.[9]
25-year—a. Over concrete or noncombustible floor construction, type C or N construction:
1. Monolithic concrete, with hardener.
2. Asphalt tile [9] (grease proof where required).
3. Linoleum [9] (above ground only).
4. Oxychloride cement with copper fungicide.
5. Ceramic mosaic or quarry tile (where required).

.23 Medical areas used by patients:
a. Over ground slabs or noncombustible floor construction:
1. Asphalt tile (greaseproof where required).
2. Linoleum (above ground only).
3. Ceramic mosaic or quarry tile (where required).
b. Over wood construction (wood, plywood, or hardboard underlay):
1. Asphalt tile [9] (greaseproof where required).
2. Linoleum.

[7] Over wood, plywood, or hardboard underlay.
[8] Over wood, plywood, or hardboard underlay.
[9] Where not subjected to moisture.

17. Wall Finishes:

17.1 General:

.11 Exterior walls (interior face):

10-year—No interior finish except when required to provide insulation as called for in paragraph 11.12:

a. Wood framing—Drywall—Joints exposed:

1. ⅜" gypsum wallboard
2. Hardboard.

b. Masonry construction—furred with drywall as above.

25-year—

a. Wood framing—Joints flush concealed

1. ⅜" gypsum wallroard.
2. Hardboard.

b. Masonry construction exposed—(furred with drywall as above where required for "U" value).

.12 Partitions:

10-year—

a. Wood framing—One side faced, points exposed.

1. Gypsum wallboard—⅜" thickness.
2. Fire-resistive fiber or paperboard—treated or to have a "slow-burning" classification.
3. Hardboard.

b. Masonry construction (10 and 25 years) Exposed.

25-year—a. Wood framing—Faced both sides, joints flush concealed.

17.2 Exceptions:

.21 Industrial, utility, service and storage areas drying towers and shops:

a. Wood construction:

1. Exterior walls—exposed.
2. Partitions—finish one side.
   Drywall, exposed joints (as for general partitions 10-year).

b. Masonry construction.
   Exposed.

17.22 Food preparation, sanitary areas and toilets:

a. Wood construction:

1. Exterior walls—Gypsum wallboard, flush concealed joints.[10]
2. Partitions—finish both sides—Gypsum wallboard, flush concealed joints.[10]

b. Masonry construction:

10-year—Exposed.
25-year—Plaster.

.23 Shower and drying rooms:

10-year—Cement-asbestos sheet.
25-year—Cement plaster.

.24 Fire-hazard areas: Recommended standard practice, NBFU Code.

.25 Special-purpose rooms: Recommended standard practice, including fire-resistive, acoustic treatment and finish, as required.

.26 Buildings of type N construction: Plaster where required.

17.3 Wainscots (as required):

10-year—Food preparation, medical, sanitary and toilet areas only:

a. Hardboard, enameled.
b. Cement-asbestos sheet.
c. Interior plywood.
d. Cement plaster.

25-year—

a. Wood.
b. Plywood.
c. Flexible sheet covering over smooth backing.
d. Porcelain enamel sheets.[11]
e. Glazed structural units (baths, etc.).
f. Ceramic tile by adhesive or conventional method (baths, etc.).

---

[10] Cover with cement asbestos board when required by moisture or sanitary considerations.
[11] Conforming to standards of the Procelain Enamel Institute for architectural porcelain enamel.

18. Ceiling Finishes:
    18.1 Type C construction:
        10-year—
            a. No interior finish except when required to provide insulation as called for in paragraph 11.12.
            b. Under flat roof joists, drywall finish, joints exposed:
                1. ⅜″ Gypsum wallboard.
                2. Interior plywood.
                3. Hardboard.
        25-year—(in finished areas): Drywall finish, joints flush concealed.
    18.2 Buildings of type N construction:
        10-year—Exposed construction except when required to provide insulation as called for in paragraph 11.12.
        25-year—
            a. Exposed construction.
            b. Plaster.
            c. Fire-retardant ceiling tile.
    18.3 Exceptions:
    .31 Utility, service and storage areas, shops: Exposed construction.
    .32 Food preparation, sanitary areas and toilets:
        10-year—
            a. Gypsum wallboard—flush concealed joints.
            b. Cement-asbestos sheets.
            c. Tempered hardboard.
        25-year—
            a. Gypsum wallboard—flush concealed joints.
            b. Cement-asbestos sheets.
            c. Tempered hardboard.
            d. Plaster when sidewalls are plastered.
    .33 Fire-hazard areas: Recommended standard practice, NBFU Code.
    .34 Special-purpose rooms: Recommended standard practice, including fire-retardant acoustic treatment and finish as required.
19. Interior Trim:
    19.1 General (omit trim where wall is not finished): Wood (available suitable species)—minimum stock sizes, S4S or exposed edges rounded.
    19.2 Exceptions:
    .21 Areas of fire hazard or special sanitary requirements: Stock metal trim.
20. Rough Hardware:
    a. Exposed to weather or moisture: Galvanized, coated or nonferrous.
    b. Other: Standard uncoated items.
21. Finish Hardware:
    10-year—
        a. Hinges—Prime coat.
        b. Trim—
            1. Steel, brass or zinc plating.
            2. Nonmetallic knobs, roses, etc.
        c. Locks (in general)—Light-duty types.
    52-year—
        a. Hinges—Prime coat.
        b. Trim—Solid nonferrous.
        c. Locks (in general)—Light- and heavy-duty types.
22. Insect screening (all screen doors and windows in residential, medical and food-handling areas): Galvanized or nonferrous metal—16-mesh.
23. Termite Shields: Nonferrous sheet (FHA standards).
24. Glazing:
    24.1 General:
    .11 Up to 100 United inches: Single strength "B".
    .12 Between 100 and 102 United inches: Double strength "B".
    .13 Over 120 United inches, under 6′ x 6′:
        a. 3/16″ heavy sheet (Crystal).
        b. 7/32″ heavy sheet (Crystal).
        c. 3/16″ polished plate.
    .14 Over 6′ x 6′: 1/4″ polished plate.
    .15 Bath and toilet rooms (exposed to view): Obscure glass.

25. Paint:

General notes:

a. Paints for all food-preparation or food-storage areas to have nontoxic mildew-resistant admixture.

b. Where climatic conditions require, all paints to have fungi- and mildew-resistant admixture.

25.1 Exterior wood:

10-year—Primer and 1 coat oil-base paint.

25-year—Primer and 2 coats oil-base paint.

25.2 Exterior masonry:

.21 Brick, local stone or poured concrete: Exposed.

.22 Concrete or cinder block, precast concrete:

10-year—Unpainted.

25-year—2 coats waterproof cement-base paint.

25.3 Interior wood trim:

.31 General:

10-year—Unpainted.

25-year—Primer and 2 coats oil-base paint.

.32 Food preparation, toilets, sanitary areas, shower and drying rooms: 3 coats (primer, enamel undercoater and enamel finish).

.33 Utility, service, storage and shop areas:

10-year—Unpainted.

25-year—Primer and 1 coat oil-base paint.

25.4 Interior walls and ceilings:

.41 General (finished areas):

10-year—Unpainted.

25-year—

a. Oil-base primer and 1 coat resin-base paint.

b. Oil-base primer and 1 coat oil-base paint.

.42 Food preparation, toilets, sanitary areas, shower and drying rooms: 3 coats (primer, enamel undercoater and enamel finish).

.43 Storage, utility, service and shop areas: No painting.

25.5 Concrete floors:

a. Unpainted (in general).

b. Rubber-base paint—1 or 2 coats (if required).

25.6 Wood floors (machine-sanded) (in finished areas only):

a. Open grain—1 coat filler, 2 coats penetrating floor sealer, and 1 coat paste wax.

b. Closed grain—2 coats penetrating floor sealer and 1 coat paste wax.

25.7 Ferrous metal, interior and exterior (if exposed to view in finished areas): Rust inhibitive primer, 1 coat metal paint.

26. Plumbing:

26.1 Supply piping:

10-year—

a. Cold water—Galvanized ferrous pipe.

b. Hot water—Galvanized ferrous pipe except where water conditions prohibit.

25-year—

a. Cold water—Galvanized ferrous pipe except where water conditions prohibit.

b. Hot water—Nonferrous pipe or tubing.

26.2 Waste and vent piping:

.21 Above ground:

a. Under 4″ diameter—Galvanized steel (aluminum acceptable).

b. 4″ diameter and larger—Cast iron (Victory weight acceptable).

c. Exposed waste fittings—Cadmium or chrome-plated in 25-year construction only, no plating required for 10-year.

.22 Below ground: Cast iron (Victory weight acceptable).

26.3 Fixtures:

Water closets and urinals with flush valves—vitreous china.

Lavatories—acid-resisting procelain-enameled steel or iron.

26.4 Fittings:

10-year—Economy type—Nonferrous but may be unplated.

25-year—Cadmium or chrome-plated brass.

27. Heating:

27.1 General: Use the most economical system to meet facility requirements and local conditions.

NOTE.—Establish outdoor design temperatures in accordance with latest ASHVE Guide.

28. Ventilating:

Mechanical ventilation to be provided:

a. Where objectionable heat, fumes or odors is required.

b. Where natural ventilation is insufficient for reasonable comfort of the occupants.

29. Air conditioning: Shall be limited to such spaces as are provided for under provisions of current Air Force regulations.

30. Electric Wiring:

30.1 General:

10-year—

a. Nonmetallic sheathed cable.
b. Armored cable.
c. Electrical metallic tubing.
d. Knob and tube, where suitable.

25-year—

a. Electrical metallic tubing.
b. Armored cable.
c. Nonmetallic sheathed cable.
d. Rigid metal conduit.

30.2 Exceptions:

.21 Embedded in concrete or masonry:

10-year—

a. Electrical metallic tubing.
b. Rigid metal conduit.

25-year—

a. Rigid metal conduit.
b. Electrical metallic tubing.

.22 High-moisture and refrigerated areas:

a. Vaporproof fixtures and fittings where required.
b. Wiring:
1. Nonmetallic waterproof cable.
2. Electrical metallic tubing.
3. Rigid metal conduit.

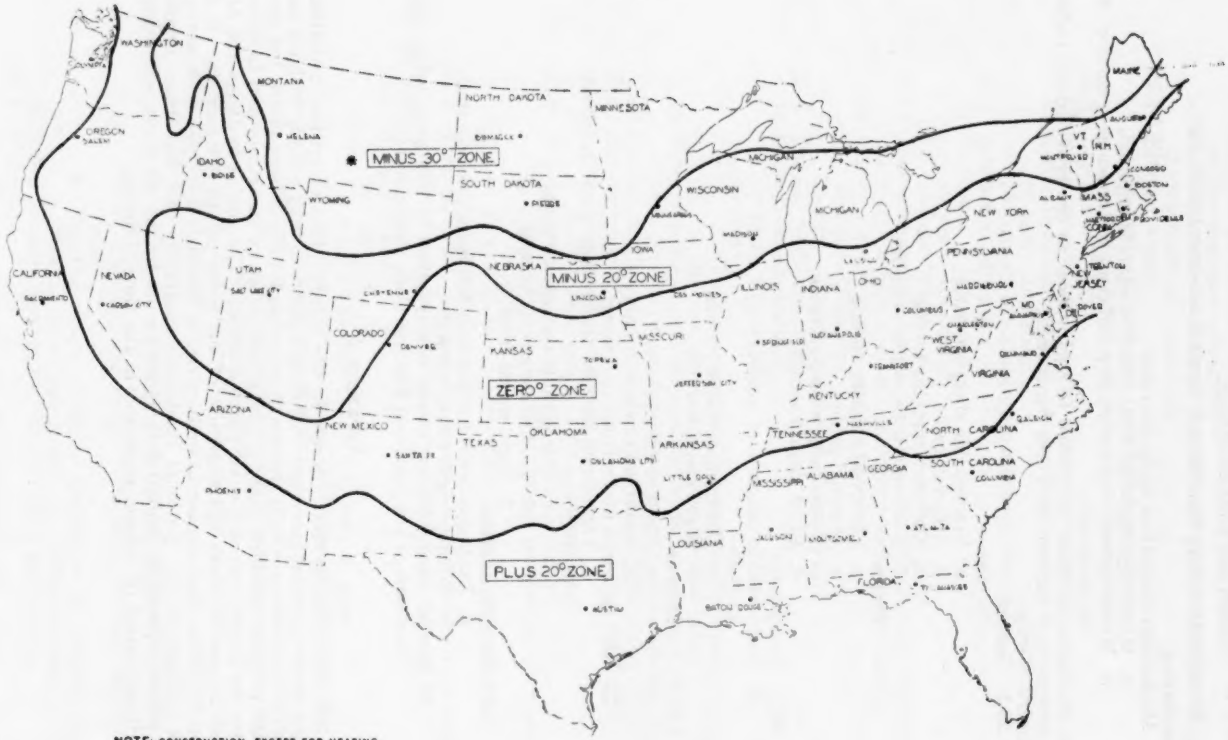
.23 Hazardous areas:

a. Explosion-proof fixtures and fittings where required.
b. Wiring—rigid metal conduit.

.24 Special cases: Where above construction is not acceptable, the standards of the National Electric Code shall govern.

APPENDIX A

The Air Force has a vital interest in the conservation of critical materials. This deep-seated interest stems not only from a desire to fully comply with the national effort to conserve vitally necessary materials for the defense effort, but also to obtain the least possible delay in the construction of structures and facilities necessary for the success of the Air Force mission. The goal is to design the Air Force structures to make optimum use of the more plentiful materials. It is essential, therefore, that consideration be given to the basic principles of conservation, as outlined by the National Production Authority and Munitions Board. To the extent practicable, buildings designed for use by the Air Force will reflect the spirit and intent of criteria applicable at the time of design.



NOTE: CONSTRUCTION, EXCEPT FOR HEATING, IN THE MINUS 30° ZONE SAME AS IN MINUS 20° ZONE

TEMPERATURE ZONE MAP

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